

App. F. IX-4

Previous References

1939
(Aug)

File No. 14-39

Serial Nos. 1

Letter References

PRESERVED

241

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Part B for July 1939

SUBJECT.

The Mysore Income Act
1939

WD 0295-GPB-22,500-13-8-37

To the compiler Mysore Gazette
No p. 450 - Regis 14-39-1 dated 24th July 1939
order the publication of the Act in the
Gazette

Serial
No.

2928/37
1951

6. Enbd. It may be ascertained from the Protection Branch if legislation on the lines of the British Indian Life Insurance Companies Act has been contemplated. There are no references here regarding the introduction of a Life Assurance Companies Bill. At present, all the Companies that are Registered under the Companies Regulations ^{in India} are under the general control of the Registrar of J.S. Co. The Financial Branch file below was taken for reference in connection with certain insurance schemes proposed by Mr. Shankar Ling Gowda, and referred to that Branch. Since no further action was contemplated to introduce ^{schemes like} Agr. Co-operative Insurance and Rural Insurance.

102/11

28/11

Dev. Secy)

CPO
28/11P.B. Br.)
W.C.CPO
28/11/33

8. Legislation on the lines of the Indian Insurance Co's Act has not yet been initiated here. The Development & Financial Branches may consider the question.

of introducing this legislation which will
be rejected in putting down Rogers Companies

ce
29/11/85

See Sec)

9
1 First Member

CHH. PHE
29.11.33 29/11

10

There must be some that file about this -
I remember raising the question of insurance
legislation with the Joint Secs in 1933
in connection with the then 1st member thought
that the matter might be over as the question of
insurance for purposes of legislation would be
a Federal subject - More papers may be put
up, if they can be traced -

11 Please note what the Ensting Law is in 1933 -
India & what was exactly the position
under the act in 1933 of the scheme of federation

Legislation of
 Insurance Companies Act
 in Hyderabad
 1957 1678
 File No. of 19

[App. F. III-2
 4]

General and Revenue
 Secretariat

Serial
 No.

DEWAN'S OFFICE
 3870
 13. DEC. 1933

Minute of 26.6.30 referred to
 in the foregoing minutes of the
 present 18. Dec

The existing law in British India
 governed by the Indian Life Assurance
 Companies Act, 1912, as amended
 by the Indian Insurance Companies
 Act of 1928 published in the Gazette
 of India - Sept 29 1928

The file was now be sent
 to the Dewan's Office with reference
 to para 11 of the order & to the
 present 18. Dec minute, about the
 extent of impact of legislation
 on Insurance Law in India.

THE MADRAS MAIL THURSDAY, SEPTEMBER

AN INITIAL DEPOSIT OF Rs. 2,00,000

Mushroom Insurance Companies in India

BENGAL CHAMBER'S SUGGESTIONS TO COMBAT EVIL

CALCUTTA, Sept. 16

THE Bengal National Chamber of Commerce, it is understood, have submitted a memorandum to the Government of India (Department of Commerce) regarding future insurance legislation in India.

The Chamber think that after the Special Officer appointed for the purpose by the Central Government has submitted his report, a public Inquiry Committee should be appointed to go further into the subject and then the necessary legislation should be brought before the Legislative Assembly.

Referring to the prevention of the initiation and growth of "mushroom" insurance companies, the Chamber are of opinion that the growth of such concerns and the failure of some of them, which is more than probable, should be checked and stronger organisations should be brought into existence in order that they may withstand competition.

With this object in view the Chamber suggest that the initial deposit of any new company in Government securities should be a statutory deposit of Rs. 2,00,000 instead of the present deposit of the face value of Rs. 25,000. Rs. 2,00,000 should be paid either at once or in equal annual instalments within four years.

Further the literature of the new Company should be certified by a qualified Actuary and the Government Department before it is granted a permit for beginning business. In addition to all these the Government should be satisfied on all points that the new company has adequate resources.

Life Assurance Fund

In regard to the protection of policy-holders the Chamber, among other things, suggest that all receipts of any class of life assurance business should be carried forward to a life assurance fund and that this fund should provide absolute security to life policy-holders as though it belonged to a company carrying on no other business than life assurance business.

Non-Indian companies should be required to form a statutory fund for their Indian business.

The Chamber, although they are not in favour of any stringent regulations interfering with the freedom of the companies in regard to their methods of business and the nature of their investments, think that the education of the public in understanding the affairs of life assurance companies and extensive publicity of their affairs will be helpful. They, however, think that to protect the interests of the policy-holders every company should be asked to invest not less than 75 per cent. of the life assurance fund within the country,

that every director of the company should be under the same liability as if he stood in the position of a trustee, life policy owners being beneficiaries of the trust, and that non-Indian life offices should be required to create a local board of trustees and the responsibility relating to Indian business should vest in such a board.

Statutory Obligations

In regard again to non-Indian companies the Chamber observe that the privileges enjoyed by such companies in India should be brought on a level with indigenous companies in regard to their statutory obligations in the matters of deposit, periodical returns, etc.

They further think that these companies should be made to carry on their investment operations in a manner that would obviate all dangers and difficulties of Indian policy-holders arising from such contingencies as hostilities between various countries, a breakdown in the currency, etc.

The annual returns required to be completed by non-Indian companies in respect of their Indian business should be the same, so far as applicable, as are required of Indian companies.

In regard to the question of representation of policy-holders in the directorate of Indian companies the Chamber are of opinion that at least one-fifth of them should be elected by the policy-holders.

The Chamber want an effective check on the abuses made under the Provident Insurance Act and suggest that dividing business should be made illegal and that their initial deposit should be Rs. 10,000 to be increased to Rs. 50,000 by an annual addition of one-third of the premium income.—U.P., by mail.

Law Member Protests

Questions on Insurance Business in India

SIMLA, Sept. 18.

In the Legislative Assembly to-day, MR. S. SATYAMURTHI (Madras, Congress) asked what was the basis for the Law Member's assertion (reported in yesterday's *Madras Mail*) that the business of non-Indian insurance companies was declining in India.

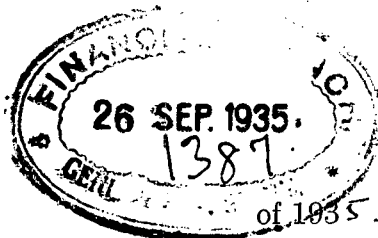
SIR N. N. SIRCAR, Law Member and Leader of the House, replied that he could supply fuller information if the member put a short notice question.

MR. SATYAMURTHI.—Is it not a fact that a not inconsiderable share of

20 to 25 in a year
any kind of control
over such companies?

1959/835
P
6

On 335



1939

7

Serial
No.

1) There is no Insurance Regulation in Mysore corresponding to that of British India. The insurance Companies in Mysore are generally governed by the Companies Regulation III of 1911 which affords very little check on the affairs of the Companies. There is no provision to safeguard the interests of the policy holders.

TSD
25/9

2) The only regulation that governs insurance companies in Mysore is the Companies Regulation which is applicable to all joint stock companies, whether doing insurance or other business. The peculiar nature of insurance business requires a separate law to govern it & in British India as well as in all ^{generally} countries, there is a separate act to control & regulate the business of insurance. The need for such a law is keenly felt in Mysore and I think action in this matter is being taken in the Fin Sect.

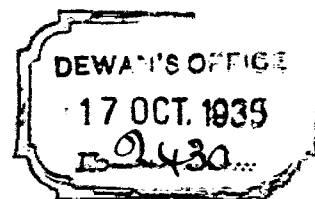
24) A. The papers relating to 25/9. The msg to King sent to me

WD 03594—GPB—30,000—18-7-35

25) H. K. will copy ^{drop}
26) Keen to the
file.
one file

21) Please place the letter as sent
to the Board of Directors
& continue on 10.7.35

8/10 6/9/10



22) (L.P.M.)
S.E.

22) The letter to the Secy to the Board
of 9.4.35 is at place P in linked file

From
13/10.

Chetty (L.P.M.)

Chetty

29. For kind perusal.

Dewan)

P. 4/10



Serial
No.

2843
78

Petition to 15.1.1936 from Mr. V. J. Janardhana Rao, Mysore, urging the necessity for legislation for Insurance Companies in the State.

40 Dewans orders in the State:-

Fl: Secy. Jtd: 11-11-9-18-3

Some action seems desirable in regard to these Insurance Companies

Financial Secy's orders:-

" 2nd Member for perusal the first instance. A note will be submitted soon.

Jtd: 5-5-19-3

Jtd: 11-5-19-3

Jtd: 11-11-21-3

41 Sub: This subject was on the Agenda of the last meeting of the Insurance Committee but consideration of the subject has postponed.

The Sub. Com: of the Ind & Com: Bd. went into the question recently and has submitted its report to the Board of Ind & Com: which the Ind & Com: Bd. is examining with a view to examine the report. The Committee's file is before the Fl Secy.

1/11/36
23-3

Fl Secy) 25/3/36.

42 This Subject is under consideration as stated above - For perusal

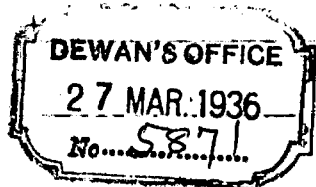
WD 03594-GPB-30,000-18-7-35

Dewan)

11

26/3

43 Mr 27-3-36



NOTE—Contn Sheet.

3823
78

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General and Revenue
Secretariat

12

449/ approved, This will be filed. for the

present:

28 Secy) 6/15.6.26

28 Nov 26
13/6/

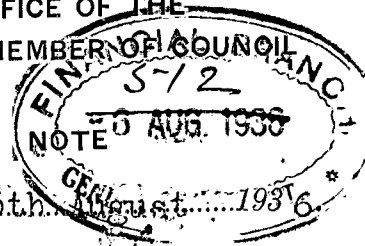
45 May be kept in the file

relating to Insurance legislation

REPLY

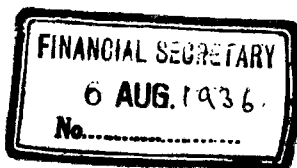
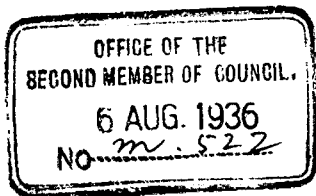
(To be written on this margin.)

OFFICE OF THE
SECOND MEMBER OF COUNCIL



Dated:.....5th.....August.....1936.....

13.



46 Proposed legislation with regard to Life Insurance Companies in Mysore.

47 I shall be glad to know how the above question stands at present.

Financial Secretary,
with compliments.

Alu

W

48 Subd: with previous references.

The latest communication in the subject received on 11.8.36 from the Secy: Bd: of Ind & Com is also subd: The case will be worked up and subd: early.

W. M. S.
14.8.

F. S. (Sey)

W
15/8

Serial
No.

prescribed form and for the publication by Government
once a year of the information furnished by the Com-
panies.

(3) The accounts of the Companies are required
to be audited once a year and once in five years the
financial condition is required to be investigated
by Actuaries and their reports are to be furnished in
the prescribed form.

54 With regard to Companies registered in Mysore
an Act on the lines of the Indian Life Assurance
Act 1912 may be introduced. The Board of Industries
and Commerce suggest that the amount to be deposited
in Securities may be Rs 1 lakh (in instalments as in
British India).

55 The Companies registered in the United Kingdom
are allowed certain privileges under the existing
British Indian Law -- vide sections 32 and 33 of the
Act -- and the sections relating to the deposit etc.
are not applicable to them. Whether the same pri-
vileges should be allowed by us is to be considered.

How the Companies registered in British India and
carrying on business in Mysore should be dealt with
is one of the important points to be settled in the
legislation to be undertaken by us. The present
Law in British India does not allow any exemption
to Companies registered in Indian States and unless
there is reciprocity we cannot show any consideration
to Companies which are registered in British India
and which do business here. The Board of Industries

and Commerce suggest that legislation should be made applicable to all companies carrying on business in the State irrespective of the fact whether they are registered in or outside the State. Whether this suggestion should be adopted and if so what control should be exercised in respect of Companies registered outside the State which are doing business in the State (i) in respect of Companies having Branch offices and agencies and (ii) those having only agencies is for consideration.

56 Section 19 of the Indian Life Assurance Act deals with Companies ~~with~~ established outside British India. Whether a similar provision is sufficient has to be considered.

57 According to the Government of India Act 1935 the Law of Insurance, except as respects insurance undertaken by a Federated State, and the regulation of the conduct of insurance business, except as respects business undertaken by a Federated state; Government insurance, except so far as undertaken by a Federated state, or, by virtue of any entry in the Provincial Legislative list or the Concurrent Legislative List, by a Province, appear under Federal Legislative Lists (vide item 37 on page 392). The Federal Legislature would be competent to make laws in respect of Insurance Companies, and such laws would be operative within the territories of Mysore in case Mysore joins the Federation. Any legislation which may be introduced by us will be in force ~~x~~ till an Act is passed by the Federal Legislature.

58 Taking all things into consideration, I would

General & Revenue
Secretariat.

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[App. F. III-2]

3243
Introduction of legislation for
regulating the working of Insurance
Companies

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No.

suggest that we might for the present introduce
legislation on the lines of the existing Indian
Life Assurance Act. If approved, the Law Department
will be asked to take further action in the matter.

OFFICE OF THE
SECOND MEMBER OF COUNCIL.
21 AUG. 1936
No. 137

2nd member)

26/8
W
21/8

59 It is no doubt necessary to introduce an Insurance
Law in Mysore on the lines of the Indian Life Assurance
Companies Act, supplemented by the Provident Insurance
Societies Act. But as the question of amending these
Acts (at least the former) is under active consideration
in British India, and the report of the Special Officer
appointed for the purpose and the views of the Government
of India are likely to be published shortly, we may as
well wait for a couple of months before settling the de-
tails of the legislative measure or measures to be adopt-
ed in Mysore.

Introduction of legislation for regulating the work of Insurance Companies.

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General and Revenue
Secretariat

Refers Para. 59. The
Minister has also separately
ordered that the preparation
of this Bill may be taken up
so that it may be placed
before the R.A. at its Birthday
session.

The British Indian Bill
is adopted verbatim, as indicated
in the copy put up by means of necessary
alterations.

This has perhaps further to
be examined by the Insurance Office
& the Law Section afterwards.

Specific orders are however required
on the following points:

1. Whether the Section in the Bill
relating to Provident Societies
(Part II. Page 19) is necessary
in the State. At present there
seems to be no Company dealing
in such business.

The Bill contemplates the creation
of an Office - Super of Insurance.
Whether a separate office with
the necessary attachments has to
be newly found or whether the
duties may be attached to the Secy

Does not
appear
necessary
and

islation re: insurance business in Mysore
 3845
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 512 196
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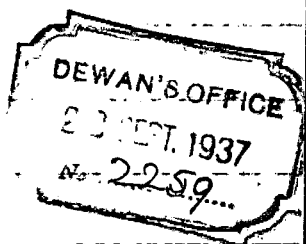
General and Revenue
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[App. F. III-2]

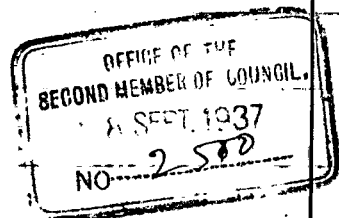
Serial
 No.



The report of the Select Committee on the Indian Insurance Bill has been taken up for discussion by the Indian Legislative Assembly. The Bill as amended by the Select Committee consists of 10 clauses of which about 40 have been disposed of so far. The remaining clauses may perhaps be disposed of before the end of this month and the Bill may be soon passed into law.

If the Insurance Bill in Mysore has to be placed before the next Legislative Council, a Statement of general principles will have to be placed before the Sansad session of the Representative Assembly. It is a point for consideration whether a statement can be drafted, assuming that the provisions of the Indian enactment will be applied in Mysore or for a principle and the Bill itself drafted later on.

This may be done I think.



As the R.A. Section requires a statement to be sent before the 27th inst., a draft of the statement is ^{now} put up and ~~submitted~~ for orders.

BVK
 25/9/37

Financial Secretary

2nd 17
 Down

Md

28-9-37

du

28/9/37

27.9.37

Legislation re Insurance business in Mysore

S12 -
7 -

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General and Revenue
Secretariat

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No.

Under the rules for dealing with measures of
proposed legislation, the necessity for the said legislation
has to be indicated by the Member of Govt. in charge
and then the matter has to be considered in Council and
the approval of His Highness ^{obtained} to the proposed legislation.

Then the preliminary draft has to be approved by the
Member and the draft sent to the Law Sect. (vide
page 2).

H. Secy.)

SA
30-9-37

1st dir
~~2nd dir~~
~~3rd dir~~

h
30/9.

OFFICE OF THE
FIRST MEMBER OF COUNCIL

SEP 30 1937

1711

Yes I wd suggest
that in para 2 of the SP the details
about the procedure of Govt of India
as at A need not be gone into
only essential facts being mentioned.
Perhaps a little curtailment there
would be better.

JP

30/9

h

Final Note by the Second Member of Council.

Subject.—

Legislation of Insurance Law.

At present there is no legislation in Mysore to control Insurance Companies carrying on business within the State. The little control that is exercised over them by means of the MYSORE COMPANIES REGULATION is found to be inadequate. Representations have also been received from some public bodies and individuals for legislation on British Indian lines with a view to protect the interests of the insuring public.

A bill for amending the insurance Law was introduced recently in the Indian Legislative Assembly and it was referred to a Select Committee. The Select Committee's report is now under discussion in that body and the bill is likely to be passed into law soon.

It is proposed to introduce a bill at the next meeting of the Legislative Council on the lines of the British Indian Law. Before doing so a statement of general principles has to be placed before the Representative Assembly at the coming Dasara Session.

The accompanying statement is accordingly proposed to be placed before the Representative Assembly and is submitted for His Highness' gracious approval.

Bangalore,
3rd October 1937.

N. M. S. Rao Dan

MEMBER OF COUNCIL.

Submitted to His Highness.

*I submit herewith a Final Note by the Second
Member of Council on the subject of introducing legis-
lation to control insurance companies carrying on business
within the State*

for His Highness' gracious approval.

Mysore,)
4th October 1937.)

Muz. M. Dmal
Dewan.

Record of Cases submitted for the Orders of
His Highness the Maharaja.



Subject.

Legislation to control insurance companies carrying on business within the State.

N O T E.

xx File P

Insurance Business referred to in para 4 of the Statement of General Principles, includes Life Insurance, Fire Insurance, Accident Insurance and miscellaneous Insurance other than Provident Insurance, such as Workmen's Compensation Insurance or Motor car Insurance. In British India, it includes Marine Insurance also.

In British India, prior to 1928, there was no statute applicable to companies carrying on other branches of Insurance than Life Insurance. In 1928, the Indian Insurance Companies Act (No. XX of 1928) was passed with regard to companies which did business other than life insurance. This Act was passed mainly with the object of collecting data which would enable the Government to decide about the ^{provisions} ~~positions~~ to be made with regard to them. The Bill which has just been passed by the Assembly relates to all kinds of insurance business transacted in British India.

The main features mentioned in para 4 are common to all kinds of insurance business. No reference to actuarial investigation has been made as it applies only to Life Insurance Business (vide clause 11).

Provident Insurance is a subsidiary aspect of life insurance and Provident Insurance Societies undertake insurance on births marriage or other contingencies and deaths on a limited scale (vide clause 51). These societies are intended to cater to the needs of people of small means and the provisions to be made apply only to the case of companies which undertake

3.

These defects have been remedied by the Indian Insurance Bill by providing for initial deposits, sufficient working capital, actuarial investigation, separation of accounts and funds and restrictions on investment.

These provisions have been specifically mentioned in para 5 of the Statement of General Principles of the Bill for the control of - Insurance Business in the State

Submitted to
Financial Secretary

ARK

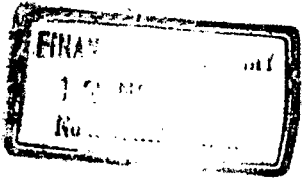
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07/10

to pay on any policy of insurance a gross sum not exceeding Rs.500 or an annuity exceeding Rs.50 and do not receive by way of premium or contribution more than Rs.250 where the premium or contribution is payable in one year and not more than Rs.25 in a year where it is payable for a number of years, terminable on death or the occurrence of an uncertain event. The amount insured is payable to no person other than the person paying such premium or contribution, or the wife, husband, child, parent, brother or sister, nephew or niece of such a person.

Mr. Sen states in his report that the number of societies which existed in 1924 were only 31 and the number rose to 369 in 1933 and that 47 societies failed during this period. It is said that most of these failures were due to (a) want of proper working capital, (b) irresponsible schemes and (c) mismanagement and misapplication of funds. There was no ^{provision} ~~provision~~ for any deposit to be made or for any actuarial valuation in the Provident Insurance Societies Act of 1912 and the absence of such provisions enabled many unscrupulous persons to start societies and collect monies by framing most impossible but attractive schemes which would not bear the scrutiny of an actuarial test at any time. Further, only a common reserve fund was maintained for all classes of insurance operated by a society, unlike an Insurance concern which carried on more than one branch of insurance. This was so because all schemes operated by a society came under the category of "subsidiary life insurance business."

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No.



Clause 2. Definition.

In connection with the drafting of this clause, orders on the following points are invited

^{*}Approved securities. This expression did not appear anywhere in the ^{Insurance} Bill as introduced in the Indian Legislative Assembly. It was originally contemplated that all the Government Securities should be accepted as deposit under clause 5.

The Select Committee have enlarged the list of securities which are to be accepted as deposit—made by Insurance Companies and Provident Societies, by including certain classes of trust securities and to implement their decision, they inserted a definition of "approved securities". The list was further enlarged by the Assembly and it now includes also "debenture or other security for money issued under municipal corporations or any municipality or town. The expression now appears not only in clauses relating to deposit—but also in clauses relating to investment of funds.

An inserting a definition in clause 2 of the Insurance Bill of the expression approved

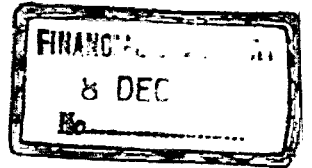
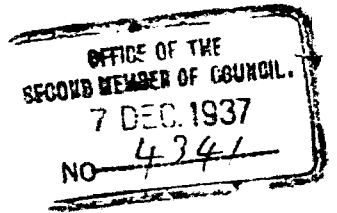
The Mysore Insurance Bill

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Secretariat

Securities seems to be necessary, especially as there is no Trusts Regulation in Mysore and the said inclusion would obviate the need for any fresh enactment in this behalf -



The question would then arise ~~what~~ as to the securities that should be brought under the definition. Besides the Government securities, securities guaranteed by the Government and (debentures issued by District Boards &c.) may perhaps be brought under the purview of the definition.

Submitted for orders

AMK.

11/11/37

Financial
Secy

42. We may also include 'any other security specifically declared by law as appropriate for this purpose'.

The Mysore Insurance Bill

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[App. F. III-2]

Serial
No.

2 Superintendent of Insurance

In the Bill as introduced in the ^{Legislative} Assembly, the expression meant the Officer appointed by the Governor General in Council to perform the duties of the Superintendent of Insurance under this Act.

In the Select Committee, the words "Central Government" were substituted for the words "Governor General in Council".

The Legislative Assembly further amended the definition by ^{adding} that the Superintendent "should also be a qualified Achary".

The point for order is whether in Mysore, the requirement that the Superintendent should also be a qualified Achary need not be deleted, having regard to the extensive administrative functions which he has to discharge.

Submitted.

MK
11/11/37

Financial
Secy

We may have sufficient latitude for Govt. - We need not put in the act that he shd be an Achary - In actual practice Govt might be trusted to make a suitable selection.

2nd Nov

27/11

Mys Insurance Bill

Serial
No.

Clause 6 (9) relating to interest on deposits:-

The following provision had been made in this regard in the Mys Insurance Bill as introduced in the Legislative Assembly:-

A deposit made in cash shall be invested in Government securities, and any interest accruing due on securities deposited under sub-section (1), or on securities in which a deposit made in cash has been invested, shall be paid to the insured, subject only to deduction of the normal commission chargeable for the realization of interest."

According to this provision, while an insured who deposited in cash, could get interest on his deposits ^{he} stood ^{at the same time} the chance of getting less than what he deposited in case the deposit was redeemable, on account of fluctuations in the security market. To ensure therefore that the insured received cash of the same amount as he deposited, if at any time his deposit was redeemable under the Act, the Select Committee amended the subclause as under

A deposit made in cash shall be held by the Reserve Bank of India to the credit of the insurer and shall be returnable to the insurer in cash in any case in which under the provisions of this Act a deposit is to be returned; and any interest accruing due on securities deposited under sub-section (1) shall be paid to the insurer, subject only to deduction of the normal commission chargeable for the realising interest.

[The amended portion has been underlined]

According to the ~~amended~~ provision as amended, if an insurer should deposit in cash instead of in securities, he will not be entitled to any interest on such deposit. At the time of the second reading of the Bill, amendments suggesting varying rates of interest were moved by some members but they ~~had been~~^{were} withdrawn as it was pointed out by the Law member that Section 17 of the Reserve Bank Act prevented the Bank from paying any interest on deposit made and that nothing in that direction could be made without an amendment of that section. The Law member gave an assurance at

The Insurance Law Bill

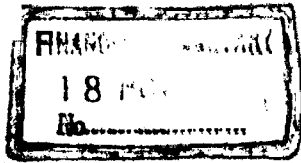
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No.



Clause 21 Power of Superintendent
of Insurance to order revaluation

The clause as first introduced in the 21.
Assembly stood as follows:—

"If it appears to the Superintendent of Insurance
that an investigation or valuation to which Section 11
refers does not properly indicate the condition of
the affairs of the insurer by reason of the faulty
basis adopted in the valuation, he may cause
an investigation and valuation to be made
by an actuary appointed by himself

The Select Committee proposed that the
insurer should have an opportunity of showing
cause against an order of the Superintendent
of Insurance for revaluation and made provision
also for the allocation of the cost of revaluation. The
clause as reported stood as under:—

"If it appears to the Superintendent of
Insurance that an investigation or valuation
to which Section 12 refers does not properly
indicate the condition of the affairs of the
insurer by reason of the faulty basis adopted
in the valuation, he may, after giving
notice to the insurer and giving him an

The Insurance Law Bill

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opportunity to be heard, cause an investigation and valuation to be made at the expense of the insurer by an actuary appointed by himself

Whether the word himself referred to the Superintendent of Insurance or to the insurer ~~was~~ was doubted and the Assembly finally adopted an amendment substituting for the word "himself", the following

The insurer for this purpose and approved by the Superintendent of Insurance

The point for consideration in respect is whether the ^{actuary} ~~appointment~~ ^{ed} ~~made by the~~ of the insurer should be approved by the Superintendent of Insurance or by "Government". In the Companies Regulation, the power of appointing an Inspector to examine the affairs of a company under certain circumstances is vested in Government. The Registrar can only make a report after certain enquiry, to the Government. Whether the regard to the Insurance Companies under the Insurance Law, the Superintendent should be given such wide powers is for order.

JRK

18/11

Insurance
Secy

22/11/32

Superintendent may remain. A. J. S. servant, we can ~~be~~ instruct h order of for when he proposes & 1.

The Marine Insurance Bill

General and Revenue
Secretariat.

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[App. F. III-2]

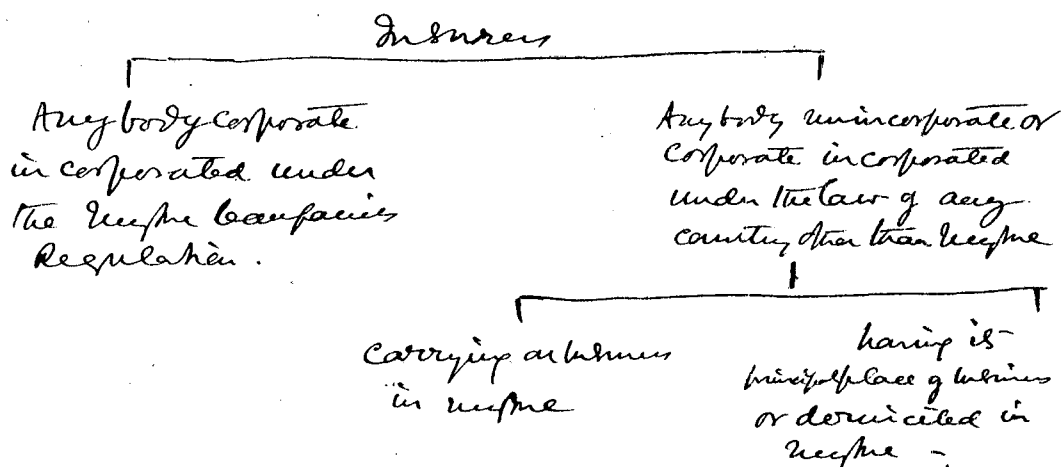
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Sections 1 to 31 are submitted for approval or other orders. The changes introduced in the Government of India Bill by the Assembly as well as by the Council of State have also been taken into consideration in preparing the draft.

Definition.

The definition of the term approved securities has been deferred pending orders as to the list of securities which shall be brought within its scope.

As regards the definition of "insurer" in clause 8 of Section 2, the term as defined includes only the following classes but not the Lloyd's Underwriters :-



The Lloyd's Underwriters have been omitted as there are perhaps no persons in Mysore who have a standing contract with them. These Underwriters do most business in Marine Insurance which

class has been omitted in this draft bill.

As regards the term "Superintendent of Insurance" the requirement regarding actuarial qualifications has been omitted.

Restriction on issue of policies by insurers

A new clause 4 was added by the Indian Legislative Assembly, prohibiting an insurer from undertaking to pay on any policy of insurance an annuity of Rs 50 or less or a gross sum of Rs 500 or less, exclusive of any profit or bonus. An exception was however made in the case of cooperative life insurance societies. The wording of the clause was slightly altered by the Council of State. A new clause 4 on this line has been

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than an-facth of the amount to be deposited,
the number of instalments in which the balance is
to be deposited varies considerably as under:-

<u>I</u> (1) -	9 instalments (annual)
<u>I</u> (2)	6 - 50 - 50 -
<u>II</u> (1)	4 - 50 -

As for II (2), the deposit is to be made in full
before the application for registration is made

In the draft now submitted for approval,
no distinction has been made between life
insurers and others in group I. The distinction
obtaining in group II has however been kept up.
The number of instalments proposed is as follows:-

<u>I</u> ie insurers carrying on the business of insurance in U.K. before 1. 1. 1	1 st instalment - $\frac{1}{4}$ of the annual $\frac{1}{5}$ of the balance	2 nd - 50 -
		3 rd - 50 -
		4 th - 50 -
		5 th - 50 -
		6 th - 50 -

II ie insurers commencing
business after
1. 1. 38

(1) Insurers incorporated in or having their principal place of business in or domiciled in U.K.	7 th instalment in the same proportions as in British India

(2) Other insurers - to deposit the whole
of the amount required, before the
application for registration is made

Investment of assets. Section 27

A simpler provision than in the British Indian enactment is proposed in the draft for approval. All insurers who are either incorporated in Mysore, or have their principal place of business in Mysore or are domiciled in Mysore are required to invest their assets equivalent to 55% of the sum of ~~their~~ the amount of their liabilities to holders of life insurance policies in Mysore, in the manner following, viz, 25% of the said sum in Government securities and 30% in Government securities or other approved securities. All other insurers should invest assets equivalent to the sum of their liabilities to holders of life insurance policies in Mysore, as follows: $33\frac{1}{3}\%$ in Government securities and $66\frac{2}{3}\%$ in Government securities or other approved securities or securities of or guaranteed and

~~These provisions cannot be considered as a hardship by any of the insurers incorporated in any Native State or British India, as it is proposed to invest Government with power to exempt such insurers from the operation of sections 7 and 27 either partially or absolutely according~~

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to circumstances the ~~section~~ (see 11.5) runs as follows:—

"The Government may, by notification in the official Gazette, exempt any insurer established, incorporated or domiciled in British India or in an Indian State from the provisions of Section 7 relating to deposits or from the provisions of sub-section (1) of Section 27 relating to the keeping of assets in India either absolutely or subject to such conditions or modifications as may be specified in the notification."

This section closely follows ~~the~~ the corresponding section in the British Indian enactment

Financial
Secretary

AM.
1/12/37

will be renewed on application and on payment of Re 1/- ^{provided} ~~unless~~ the applicant does not suffer from any of the disqualifications mentioned. A licensed agent can procure business only for a registered insurer. These provisions closely follow the British Indian enactment.

Special provisions ~~Section 45~~

Section 45 provides that no policy of insurance shall be called in question on ground of mis-statement, after two years unless it can be shown by the insurer that such statement was on a material matter and fraudulently made by the policyholder.

Section 46 provides that a holder of policy of insurance sued by an insurer in respect of insurance business transacted in Mysore shall have the right to sue in Mysore for policy money.

Under Section 47, provision has been made for paying in cash money due under a policy in cases where proper discharge cannot be obtained.

Insurance on dividing principle - Sec

It is provided in the British Indian enactment, that no insurer shall after the commencement

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No.

of the Act, begin the ^{business} ~~practice~~ of insurance on the dividing principle. In considering the fact that there are at present many companies carrying on business on the dividing principle, the existing companies are allowed to carry on business for three years, so that there may be a regular and natural adjustment during this period of grace when an insurer continues to carry on business after the commencement of the Act, by virtue of the period of grace allowed under the law, it is provided that he shall withhold from distribution a sum not less than 40% of the premiums received during each year "so as to make up the amount required for investment under Section 27"

There does not seem to be any necessity for the provision of a period of grace in the law - There is only one insurance company which is carrying on the business of insurance on the dividing principle at present and even this company closed its business to new entrants it stopped taking up new business in March 1933. What little business is being done now is in respect of business secured before March 1933, many

of these policyholders have converted their policies into regular life policies and the Company will have ample time between the date of introducing the Bill and the date on which the law comes into force, either to convert the remaining policies into regular life policies ⁱⁿ consultation with the Company's actuary, or into paid up life policies or if the policyholders decide to pay them the surrender value of the policies surrendered.

It is therefore submitted for order whether we in Mysore may not prohibit straightaway, not only the commencement of business of insurance on the dividing principle but also the continuance of any such business after the commencement of the Mysore Insurance Regulation. If this is approved, the proviso regarding the withholding of 40% of the premium collected from distribution to policyholders will also become unnecessary. Such a withholding will adversely affect the dividend ~~each~~ ^{the} policyholder's nominee.

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Repⁿ

The provision in the measure as drafted
on the lines of the British Indian enactment
and as amended on the lines proposed in
the note is given in the annexure flagged #

Provident Societies Section 69

Dividing business is prohibited in the
case of Provident Societies as in the case of Insurance
Companies. The period of grace also
removed as there are no Societies which are
carrying on such a business at present.

The requirement as to working capital
viz a net sum of not less than five thousand
rupees exclusive of deposits and exclusive
of any expenses incurred in connection with
the formation of the Company, is kept up.

As regards deposits, the provision in the
British Indian enactment, has been followed.
Every Society has to keep deposited with the
Comptroller before application for registration
is made, cash or approved securities amounting
at the market value of the securities on the day
of deposit to Rs 5000/- and should thereafter
make each year a further deposit amounting
to not less than $\frac{1}{5}$ of the gross premium
income until the total amount so

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General and Revenue
Secretariat

deposited is fifty thousand rupees.

Financial Secretary

MK
2/12/37

The Mysore Memorandum Book

General and Revenue
Secretariat

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[App. F. III—2]

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No.

Letters 74 to 120 and the
Schedules I to VI are submitted
for approval

Financial
Secretary.)

Am
3/12/37

3599

Insurance Bill

General and Revenue
Secretariat

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The Statement of objects and reasons which has been approved by the Financial Secretary is sent herewith for necessary further action

Secretary,
Legislative
Council

24/12

21/12

See also memo to the Secy to the Govt

24/12

21/12

Proof of the Insurance Bill with the statement of objects & reasons has been received verified

The last day for publication of the Bill is 3rd July 1938 so that it may be introduced in the ensuing L.C. meeting

It will have to be published in a Gazette

Insurance bill

File No.

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of 193

General and Revenue
Secretariat

extraordinary

Subd for orders if it
may be so published
under rule 8 of d e
rules

} This may be done

OFFICE
9th SECOND MEMBER OF COUNCIL
27 DEC. 1937
No. 4560

DKR
27.12.37

2nd Member)

will
28/12/37

SL
27/12/37



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A list of amendments which may have been moved by Government in the Select Committee is herewith put up for favour of consideration.

In drafting these amendments due note has been taken of the changes made by the Indian Legislature in the Indian Insurance Bill on the lines of which the Mysore Insurance Bill was drafted. Most of these changes are purely formal, intended to clarify the meaning and to rectify clerical errors and errors of grammar and ~~copying~~ ^{language}.

When the Mysore Insurance Bill was drafted, provisions regulating the conduct of provident societies which may be existing at the commencement of the Act were ~~proposedly~~ omitted, relying upon the report received from the Registrar of Joint Stock Companies that no such society had been registered in Mysore. On an examination of the prospectuses of all the insurance companies registered in Mysore under the Mysore Companies Act, 1917, it is found that one of the companies, viz, the Modern India Insurance Co. Ltd. has been doing

business which can be brought under the category of Provident Insurance. It is also found that a company known as the Mysore Commercial and Chemicals Ltd was incorporated under the Mysore Companies Act, 1917. in June 1937 and that this company has been carrying on a Mutual Benefit Scheme on the dividing principle. It is considered necessary therefore to introduce provisions on the lines of the British Indian Enactment, prohibiting business on dividing principle by provident societies registered under the Mysore Companies Act and regulating their business in other respects. Amendments in this respect have now been prepared and included in the bill.

On a comparison of the bill with the draft sent to the press, it is found that an important clause providing for appeal against the orders of the Superintendent of Insurance in certain matters connected with the supervision of the Provident Societies, has been left out of the press (Vide page 57 of the Bill). This omission is now rectified.

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No.

I have gone through the provisions of the bill with the amendments now proposed. These amendments are in order & necessary to bring our law on a line with the law in India.

There is no objection for making applicable Secs 38, 39 & 47 only to the State Insurance Business. I would suggest that instead of specifically applying only these 3 sections Govt may reserve power to apply any provisions of this bill to the State Insurance Business such as grant & rebate, Control & Commission etc.

A general clause to the following effect would serve the purpose.

Notwithstanding anything contained in Sec 2, the Govt may by notification apply all or any provisions of this Act to the Insurance Business carried by the State Government ~~under~~ Act.

This will enable Govt to not only Secs 38, 39 & 47 can be applied but also other provisions whenever necessary.

the proposed 117 may be brought under
cl 2 as cl 2(a) more appropriately.

The above said ~~one~~ new clause I have
proposed may be inserted as cl 117

Sec 93 A may be deleted as the same
provisions are found in ^{cl} sec 109

I think it better to fix a time limit of
30 days for filing an appeal from any
of the orders mentioned in 109 to the Court
having jurisdiction. There does not seem
to be any provision of the Limitation
Act to apply to such an appeal.

We may add the words "within 30 days
from the date of the order" after the words
'shall lie' in subcl 1 of cl 109

In ~~Section 7~~ clause 21.72 The
value of the security is taken as the market
or ~~face~~ value whichever is lower.

As the market value is the criterion
for assessing the value of the security ^{under cl 115} at the
as it is the principal value. The ~~the~~ any
reference to face value may be omitted.

Copy of the proposed amendments
may be sent to the members of the S.C.

532 3699
Insurance Bdr

D/29/11

General and Revenue
Secretariat

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The Bdr was referred to
a select committee at
the meeting

This may be sent to
L. & Co. for kindly noting
the names of the members
of the committee
Recd

OF THE SECRET

The names are noted below:-

- 1) Mr. Belur Srinivasengar.
- 2) Khan Bahadur Md. Abbas Khan.
- 3) Mr. D. Gundappa.
- 4) - R. C. Morris,
- 5) Arjasevanipurna S. Shanamma.
- 6) Mr. S. Abdul Wajid.
- 7) M. Venkatanarayanappa.
- 8) Mr. N. Lakshminarayanappa, &
- 9) The Second Member of Council (Naga-
mantaprasanna N. Madhav Rao)

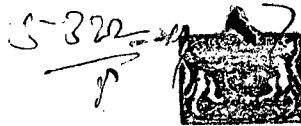
2-3-38. Protuber

The meeting of the S. C. has
been fixed for 26th to
28th of this

Subd will do as to when
of the meeting

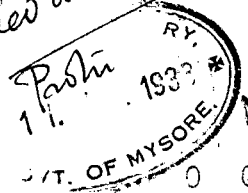
18/4 issue
18/4

C.E.



INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

Recd at 5:55 P.M.



11/3
O Q C BOMBAY S 11 39

CHIEF SECRETARY OF MYSORE BANGALORE

123

INDIAN LIFE OFFICES ASSOCIATION BOMBAY STRONGLY
PROTEST CLAUSES INSURANCE BILL TREATING INDIAN
COMPANIES AS FOREIGNERS IN MYSORE PART
OF INDIA STOP REQUEST BILL POSTPONE
TILL FEDERATION ARRIVES STOP REPRESENTATION FELLOWS
STOP

General and Revenue
Secretariat

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No.

The written representation
may be awaited. The Bill has
been referred to Sec which is
to meet on 26th April.

SG
12/8/82

Submitted:-

- 1) This paper relates to an Insurance Scheme. If approved this will be referred to the Finance Secretariat for disposal.

CSB
8/10/3
10/3

4) YS
T 11/3

Financial Branch)

- CSB
11/3 2) If approved this will be forwarded to the Secy Insurance Deptt for disposal and the party endorsed.

MS
12/3 4) I believe that this relates to the effect of the Insurance Bill on certain ~~certific~~ Mutual Benefit Certificates obtained by the petitioner from a private Insurance Co. in Mysore.

2370
/ 22

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

2 It may not be possible to
 now say how the bill ~~will~~ ^{will} affect
 the paper when it becomes law. He
 will have to seek whatever relief
 he can secure from the company
 concerned under the law in force
 for the time being. If copies of the
 bill are available for sale the paper
 may be ~~not~~ ^{not} ~~hes~~ ^{hes} to that he might increase
 a ~~drop~~ ^{drop} No further action can be
 taken on the paper

amendment in the
legislative assembly that business
carrying on the business on
the principle should cease
to do the business forthwith.

12) But as a number
of insurance companies were
working on this principle. The
Assembly agreed to discontinue
only after three years after the
commencement of the Act.
This was further modified in the
Council of State. The result
is that insurance companies
carrying on the "dividing"
business should discontinue
it after three years and in
the meantime they should
withhold from distribution
40% not less than 40% of the
premium collected and
deposit the same in approved
schemes under Section 27.

13) Amendments in the
lines have also been proposed
for consideration by the Select
Committee. It is not clear
what should be done with
the reserve funds of the companies
if the business is to be discontinued
after three years and how
and on what basis the available
funds should be determined.

A

The Helidance Insurance
Co. has been carrying on
the business of insurance in
British India, having registered
itself & paying the necessary
deposit amount under
the Insurance Act of 1902.

Serial
No.

The Mysore Insurance Bill
from Sri Purnendradas Mahandas
Narsari Chambers
Outram Road
Fort, Bombay

Letter dated 9th March 1934

Notes that the provision made in the Mysore Insurance Bill, regarding separate valuation of life insurance business carried on in Mysore of the British Indian Companies will work as a serious handicap and ^{regret-} that with a view to further greater cooperation between British India and Indian India, the said provision may be dropped

2.
2

The provision referred to is clause 13 of the Bill, which runs as follows:-

" Every insurer carrying on life insurance business shall, in respect of the life insurance business transacted by him in Mysore and also in the case of an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause (9) of section 2 in respect of all life insurance business transacted by him, once at least in every

five years cause an investigation made by an actuary into the financial condition of the life insurance business carried on by him, including a valuation of his liabilities in respect thereto and shall cause an abstract of the report of such actuary to be made in accordance with the regulations contained in Part I of the Fourth Schedule and in conformity with the requirements of Part II of that Schedule".

My object in introducing this clause is two fold :-

~~And~~ (1) To obtain information regarding the volume of business done in Mysore by the life insurance companies irrespective of whether they are incorporated in Mysore or outside : and

~~And~~ (2) To ascertain the liabilities of the foreign insurance companies to policy holders in Mysore for purposes of Section 27 (2) requiring investment in Mysore securities of an amount ~~equal~~ required to meet liabilities in Mysore.

Both of these objects can be accomplished

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achieved by the valuation provided for in clause 13. There is no ground whatever for the belief that any discrimination against British Indian companies is aimed at. Even the companies incorporated in Mysore, which are carrying on the business of life insurance both in Mysore and elsewhere are required under the Bill to have two valuations made, one for business done in Mysore exclusively and another for business done ~~all over~~ wherever it may be.

In the letter under reference, it is stated that similar provision in the Indian ~~Bill~~ ^{Act} is directed against foreign companies i.e. companies incorporated outside India and the United Kingdom. But there are many provisions in the Indian ~~Bill~~ ^{Act} which prove that for all practicable purposes, companies incorporated in the Indian States have been treated as foreign companies. It is no doubt true that Indian States companies have not been required to have a valuation made of their business in British India. But the effect of this correction is nullified when it is required under the ~~Act~~ ^{Act} that these

Company - should invest and keep invested in British Indian securities assets not less equivalent to not less than the sum of their liabilities to holders of life-insurance policies in India ie including Indian Dales.

There seems to be little or no justification whatever for the stipulation that a Nigerian investor, for instance, should invest in British India an amount equal to his liabilities not only in British India but also in Egypt and other Indian Dales.

The policy underlying this enactment can be clearly seen - Mr. Lee in his report on "the laws of insurance referred to the possibility of placing the Indian Dales companies in the same category as companies outside the United Kingdom, should at any time the volume of business done in British India by these companies increase any formidable degree. In the actual drafting of the Bill, however, the Government of India thought it best to provide for it even from now. (~~vide~~ Even though a relaxation in this regard would be quite logical in former

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Letter no V.I. B 11/153 of 29/3
from the Indian Life Assurance
Apprais Assocn. Bombay
re Insurance Bill.

The Assocn. suggests that
the consideration of
the Bill be deferred
pending the authori-
sation of Federation

2) exemption of Indian
companies from opera-
tion of sections re
deposits, Returns, invest-
ments etc.

3) an opportunity be
given to represent
their case

This may perhaps be
referred to the officer
on Spcl Duty in regard
to this Bill.

Sd/- for orders.

Sp. duty officer } for perusal of
W.C. / commr. &c.

File No.

General and Revenue
Secretariat

A short note may be put up for
consideration in Council

File

13/4/28

Note submitted as per orders
through Secretaries Finance & R & D.

AM

19/4/38

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as hitherto companies have not been required under the Indian Act to file valuation reports of business done in British India.

5. ~~Taking~~ Regarding the existing deposits, the argument that as British Indian companies keep a deposit in British India and that their financial ability to carry on life insurance or other insurance business is guaranteed thereby, no further deposit need be insisted in Mysore is not at all tenable. The British Indian companies have ~~to~~ ^{to} put in a deposit if they are to carry on business in Federated Malaya States, Trans-Jelutong, Ceylon, United Kingdom and other foreign countries irrespective of the act that they have kept a deposit in British India. In F.M.S. the amount to be deposited is \$2,00,000, in Straits Settlements, Ceylon Rs 3,00,000 ^{each} and in the United Kingdom £20,000/- No concession is shown to the British Indian companies on the ground that the amount deposited, under the Act of 1912, was so high as Rs 2,00,000. While it may be true that it would be practically impossible for the British Indian companies to comply with the provision regarding deposits, if any

Indian State should insist upon a deposit of Rs 2,00,000 as a condition precedent to their being permitted to carry on business in the State, the absolute exemption from the requirements as to deposits, prayed for by the Association, cannot perhaps be conceded.

The British Indian Government has been given powers under the Indian Revenue Act, in clause 116, to exempt the companies incorporated in the Indian States from keeping deposit in British India under Section 7, either absolutely or subject to certain conditions. Similar powers have also been provided in the Hyderabad Bill, in favour of the Government of Hyderabad. It is therefore highly desirable that the British Indian Life Offices Association should approach the British Indian Government in the matter and help towards a satisfactory reciprocal arrangement between the British Indian Government and the Government of the State on this question of —

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against Indian Companies and ^{that} no
separate valuation in respect of British Indian
business has been asked of them is not
correct - As was said above the question of
valuation is bound up with the question of
investment of funds under section 27(2).
What is the amount that is required
to be invested in British India? It is not
an amount which will enable the companies
to meet the liabilities of the policyholders
in British India, that is asked to be invested
in British India and then approved securities
but an amount which would be enough to
meet the liability of the policyholders all
over India. It is this fact that has led
to the introduction of the provision regarding
the submission of a valuation of all the
business underwritten in India as a whole,
in the Indian enactment. Now, on the
other hand, it is near remarkable and only
wants the British Indian companies to invest
in approved securities or other approved securities,
an amount sufficient to meet their
liabilities to policyholders in England -
Thus the exemption from the provision

relating to the maintenance of accounts or the filing of returns etc. can only be possible if exemption is granted regarding investments.

7 The Association urges that the investment clause is provided mainly with a view to safeguard the interests of policyholders and when investment is made in British India the interests of Mysore policyholders is well protected. While accepting this argument, it is also to be noted that the object of providing for this clause in the Mysore Bill is to invest upon the fund (life) being invested in Mysore, so that the amount may be available for the industrial and commercial development of the State. Mysore cannot be allowed to be drained to the extent of nearly 40 lacs of rupees and more every year for the betterment of the neighbouring British Indian provinces.

To determine the companies' liabilities to policyholders in Mysore with a view to facilitate investment under clause 27 (2),

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the only scientific basis acceptable is the actual valuation. If on any ground this is considered not possible, the only alternative is the resort to an arbitrary "rule of thumb" and it is open to the Association to make suitable suggestions in the matter.

8 The other matter, which appears to be minor on the face of it but which will have far reaching effect if conceded is the one relating to the licensing of agents. The Life Assurance Offices Association and others have urged that there is no need for the introduction of a similar clause in the Sughe Bolee and that an agent licensed in British India should be allowed to canvass business without further license. There are about 70 British Indian companies carrying on business in Sughe at present and only about fifteen or so of them have been registered in the State under the Companies Act and are paying income tax to the State Government. The Association has filed a petition

The names of companies which are members of the Association and it is found on examination that out of 400 companies which are members of the Association only eight of them have been registered under the Mysore Companies Act and are also paying income tax. The introduction of the licensing of agents in Mysore will put an end to this state of affairs. ~~The~~ ~~agent~~ Insurance business can only be carried on in Mysore under the proposed enactment through agents licensed in Mysore and the latter (i.e. the licensed agents) can only procure business for companies registered with the Superintendent of Insurance. Registration will bring in its train the other concomitants of "deposits" and "investment of funds" in Mysore. The British Indian companies {suing for the deletion of clause regarding "licensing of agents" have^{al} been attempting to escape from the provisions of the insurance law in Mysore.

9. As the Select Committee is

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P

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No.

will meet on the 25th instant to consider
the Bill in detail; the Association may
perhaps be given an opportunity to submit
a memorandum of points for the
consideration of the Committee. One of
the important members of the Association
viz the Oriental Bankers whose business
in the Port is nearly 40% of the ^{total} business
of the foreign companies in Mysore has
already been suggested, in reply to its representation
to submit such a memorandum.

11 member
through Secy
R.A.L.C. &
Secretary
Finance

BVK
19/4/38
by
R/L

I agree with the above ~~note~~ note.
The real crux is that as ^{a separate} ~~an~~ ~~is~~ ~~independent~~ fact,
we have to look to the interests of the Policy
holders by requiring that sufficient securities are
kept against the liabilities contracted by the
Companies and that the premium collected
from Mysore people is not drained out
of Mysore but is invested within Mysore
... not ~~squarely~~ ^{fact} by the Companies &
Associations in British India. If any
satisfactory arrangement could be devised to
Ensure these - and this can be done only

5756/p.1

File No.

.93

General and Revenue
Secretariat

by the Govt of India — and if these outside
Companies could help us in this matter it
would be welcome. The remedy that they
suggest that we should not have any
Insurance legislation or not require deposits
& investments being made in Mysore is
unthinkable. Even if Federation should
come Mysore will not cease to be an
independent political & financial entity and
the above difficulties will ~~continue~~ still continue.

OFFICE OF THE
SECOND MEMBER OF COUNCIL
25 APR. 1938
No. 7983

Serial
No.

Note on clause 116 of the Mysore
Insurance Bill

The clause runs as follows:-

The Government may, by notification in the official gazette, exempt any insurer constituted, incorporated or domiciled in British India or in an Indian State from the provisions of section 7 relating to deposits or from the provisions of sub-section (1) of section 27 relating to the keeping of assets in Mysore either absolutely or subject to such conditions or modifications as may be specified in the notification.

This clause closely follows section 116 of the Indian Insurance Act, 1938. The latter was provided for at the motion of Mr S.C. Sen who explained that the provision was intended to protect the Indian insurance companies carrying on business in the States, observing that the Indian companies which were doing a large volume of business in the Indian States would suffer irreparably, if there should be any retaliatory measure taken by the States.

Reference is also invited to para 266 (page 38) of Mr. Sen's Report wherein it is made clear that the exemption as to deposits etc would only be granted if the laws of the State provide for the same concessions in the case of Companies formed in British India.

The point for consideration therefore is what should be the form of receipt which the Govt. of Mysore ~~may~~ may accept and accord under section 116. Should the British Indian Companies which will make a deposit in British India be exempted from making further deposits to carry on business in Mysore, if similar concessions are extended to Mysore State Companies carrying on Insurance business in British India?

That this is the kind of receipt which is being looked for by Companies in British India cases is clear from the Special article on the Mysore Insurance Bill, which appeared in the Insurance Herald of January 22nd, 1938. There are near 70 British Indian Companies

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No.

at present carrying on business of life insurance in Mysore as against two Mysore companies carrying on business in British India and the balance is clearly in favour of British India, as reported by Mr. S. S. Sen. The two Mysore companies are The Asiatic Government General Life Insurance Co., Ltd. and the Reliance Assurance Co., Ltd. If the reciprocity on the lines indicated above is accepted, the result would be that whereas the British India Government forgoes for loss of rupees in the form of deposits, the Government of Mysore would be paying near $1\frac{1}{2}$ crores of rupees.

That the matter would be worse in regard to investments if the lines of reciprocal arrangement should be as above could be easily seen. The amount of premium which is flowing out of Mysore every year is somewhere between 30 and 40 lacs whereas the premium ~~of~~ income of Mysore companies working in Mysore is less than a lac. Under the Indian Act, a Mysore

Insurance company is obliged to invest
in approved Indian Bonds and Securities ^{guaranteed}
by the Government of the United Kingdom an
amount equal to its liabilities to policyholders
in the whole of India, including ^{Indian} Native States.
vide Section 27(2) of the Indian Act -

The provision made in the Insurance
Bill in this regard is logical and fair.
A British Indian company carrying
on life Insurance business in the State
is required to invest in approved
Securities an amount equal to its
liabilities to policyholders in the State.

The Govt of India may by notification
under Section 116, exempt the Insurance
company from investing in British
India in respect of its liabilities outside
British India; but this would be
no amount to a concession as the
Govt of India cannot reasonably ask
for investment in British India in
respect of the company's liabilities
elsewhere than in British India.

The main object of the
provisions regarding deposits and

Serial
No.

" investment is not only to safeguard the interests of policyholders in Mysore but also to see that the funds of the Companies are held in Mysore Securities so that the same may be available for the State's commercial and industrial advancement. This latter point is consistently being ignored not only by the Govt of India but also by the Life Associations and the Press. An amendment moved by in the Council of State in regard to the definition of "approved securities" so as to include the securities of the States like Baroda, Mysore and Travancore has been negatived and in a representation received made by the Life Office Association to the Mysore Government, it is asked why what need there is for legislation in Mysore when the Companies operating in the State have been controlled by the Superintendent of Insurance in British India and the interests of the policyholders safeguarded.

The reciprocal arrangement between the two Governments, therefore, should none the less be

follow the principle which has been accepted in matters relating to Incumbents, viz the Government within whose jurisdiction the business is carried on must have the control of the fund out of which the liabilities of the policyholders within its jurisdiction, are to be met. As regards deposit, any arrangement which would conduce to a ~~prop~~ reasonable and proportionate allotment between the two Governments ^{cannot possibly} ~~would be acceptable~~ ^{be considered} and satisfactory to all parties concerned.

The Mysore Insurance Bill

General and Revenue
Secretariat

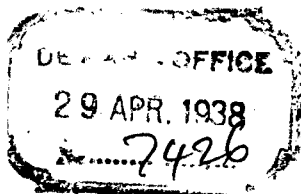
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[App: F. III-2

Serial
No.

6703



I am generally in agreement with the views expressed in the foregoing note. We may ascertain the details of the reciprocal arrangements if any, already concluded between British India and Baroda & other states

Done)

MU

29/4/38

M
BY

Ms

29-4-38

me 157

Serial
No.

Memorandum of points urged for consideration,
of the Mysore Insurance Bill by Mr. Banpalal,
in connection with the proposed Insurance
legislation in Mysore.

The following are the points urged by the
Company:—

1. The amount of initial deposit to
be made under Section 7 of the Bill (clause 7
of the Bill) should be reduced from Rs 2,00,000
to Rs 50,000, the said amount being made
payable in ten annual installments.
2. The period of time within which every
Insurance Company carrying on business in
the State is required to be registered, should
be extended from 3 months to six months.
3. And the investment required to be made
under clause 27(1) should be allowed to be
complied with, in the coming eight years
in the manner as is now provided.

These modifications have been
urged for solely on the ground that
it would not be possible for the Co. to secure
~~Eight~~ ^{Five} lacs of rupees for purposes of deposit
i.e. Rs 2 lacs for deposit in British India

and Rs 2 lacs for deposit in life insurance and that investment of life fund in approved securities within a period of four years, when large amounts have been deposited under Sec 7 should be very hard on the Company.

That the Company has not gone through the Bill Company is clear. Under the Life Insurance Bill (vide proviso to clause 7(2)), the amount of deposit required under the law is to be paid ~~in not more than~~ ⁱⁿ ten instalments. Under the Insurance Act, Section 116, exemption is provided for in the matter of deposits and investments in favour of Companies incorporated in the Indian States. The Company's statement that it has to secure Rs 4 lacs, immediately, for purpose of deposit is therefore erroneous and misleading. There is also need to extend the period from 4 years to 8 years for compliance with clause 2(3) relating to investments, as the amount deposited under clause 7 will be continued to be part of the investments to be made under clause 7. The Life Insurance Company started business in 1934 and as per the Articles of Association of the Company,

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No.

The first valuation is due in 1939. The amount of premium collected up to the end of December 1937 is Rs. 87670 and the net liability on policies issued may not perhaps exceed Rs. 50000. Under the law as proposed it is only 55% of this liability which is required to be invested in approved securities under clause 27(1) and as the amount of deposit (viz. Rs. 50000) made under clause 7 is deemed to represent the investment under clause 27(1), there can be possibly, no hardship whatever caused to the company.

As regards the extension of the period for Registration, it is submitted that no case has been made out by the company for extension. The Bill was introduced in the Legislative Council on the 25th of January. Assuming that the Bill became law in July, the company has had six months' clear notice and the deposit is to be made before the 1st of October. The company has ~~not~~ increased its capital from Rs. 1,00,000 to Rs. 3,00,000 and vigorous attempts have been made to make the ~~Bill~~ ^{issue} successful. The Managing agent

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/82

of 193

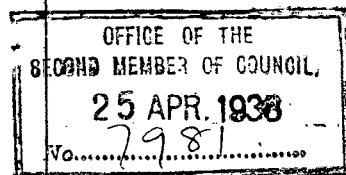
General and Revenue
Secretariat

gave out the other day, informally that
more than a lakh of rupees has already
been actually collected. In these circumstances,
there seems to be no reason whatever
to extend the period for registration from
three months to six months as requested
by the Campaeny.

JML
19/4/38

24/4

mm
29/4/38



Serial
No.The Regime Insurance Bill

In order to secure fair treatment for insurers in Regime operating outside Regime, power is taken in the Bill to subject the nationals of a foreign country to any restrictions that are imposed in that country on the Regime Insurance business operating there. Attention is invited, particularly to clause 2(e) and 3 of Section 3 of the Bill. The expression "nationals of the State" used therein, is intended to include all persons, individuals, firms and joint-stock companies, carrying on business of insurance and incorporated or domiciled in Regime.

A doubt was expressed by the Select Committee on the Insurance Bill as to the appropriateness of this expression and it was felt that the opinion of the Law Department on the subject should be ascertained in the matter.

The point is therefore referred to the Asst. Secretary, Law Department, and it is requested that the matter may be kindly treated as urgent. The

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General and Revenue
Secretariat

Serial
No.

Opinion of the Law Department has been
placed before the Select Committee
meeting tomorrow copies of the in-
struction & the Mysore Bill are also put up for reference

And Secy
Law Dept
W.C.

2/5/38

I do not see any
objection to the use of the word 'Nationals'
in the context in which it is used.
The word 'Nationals' means 'those
of the same nation or of one's own
country'. It is in the latter sense
that the word is used in the
in question. I would however suggest
for consideration a small alteration
from the expression 'nationals of the
State' to 'nationals of Mysore'

The Insurance Office

Serial
No.

Proviso to Section 7(2) Re: Deposits

The proviso as redrafted following the resolution of the Select Committee, is submitted for approval:-

"Provided that in the case of insurers, carrying on life insurance business only, the deposit may be made in not more than twelve instalments, of which the first shall be not less than one-eighth of the total amount of deposit, and shall be paid before the application for registration is made, the second shall be not less than one-seventh of the balance of the deposit, and shall be paid before the 1st day of January, 1940, and the subsequent instalments shall be not less than one-tenth of the residue and shall be paid before the 1st day of January of each succeeding year."

The provision in the Bill is flagged of.

Financial
Secretary)

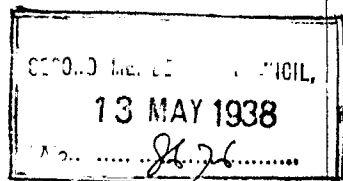
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9/5/38

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11/5/38

nd
11/5

Serial
No.

Subd with a draft
report of com

Insurances Bd. After approval

See they will be sent to
19/5 the members of the committee
for approval.

Two member
through
Financial Secretary

DM
12/5.
12/5-

17/5/38

Subd with a draft
to members forwarding
report for approval

See
18/5

issued
by
18/5

Issued no. P 6574-82 of 19/5
Proof of the report
has been connected but

messrs Belur Insurance Co
and Gundappa
have not yet indicated
their approval. The report

may perhaps be published
with a note that their
approval will be notified
on receipt of notification
for submission

See
26/5

6831/237

Income

D. 1744

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of 193

General and Revenue
Secretariat

Serial
No.

Sub. with a draft remittance
as directed

See

1/3/5

also

by

Issued no 56235 12-19 9/23/5

Approval of report
has been received from
all the concerned ~~of~~ proof
of the report will,
if approved be sent
to the office for home 3.1

D. 262/R.L.

Insurance Bill

General and Revenue
Secretariat

File No.

of 193

[App. F. III-2]

Serial
No.

The S. C. Report has been published and will have to be presented at the ensuing meeting of the Council.

The following resolutions may, if approved, be included in the agenda

(a) motion that the S. C. Report & the Bill as amended be taken into consideration

(b) motion that the Bill be passed at a subsequent meeting
S. C. for orders

Sy
6/6

2nd member

by
6.6.

2nd
6/6/38

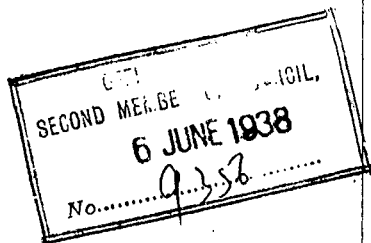
by
6.6

L. C. office for note & return

Sy
7/6

noted and ret'd to the Pres. B. C.

PR
9.6.38 6/9.6



Letter dated the 27th October 1939, from the Secretary to the Indian Life Offices Association on the Mysore Insurance Bill.

The Association prays:-

- 1) that further consideration of the Insurance Bill should be postponed;
- 2) that a committee of enquiry should be set up to consider what sort of Insurance Bill would be beneficial to the policy holders in the State;
- 3) failing such a committee, a Bill drawn on the lines of the Indian Life Assurance Companies Act of 1912 may be framed;
- 4) failing that, a drastic change may be made in the Bill in the manner suggested by the Association.

A note on the points ^{coming} ~~covering~~ within the scope of item 4 above has been asked to be put up, by the 1st Member.

The clauses of the Insurance Bill, a modification of which has been urged by the Association are those relating to the keeping of Deposits, Accounts and Audit, submission of Revenue Accounts, Balance Sheets and - Abstracts of Report of Actuarial valuation, separately for business done in Mysore and for the investment of an amount equal to certain percentage of liabilities to policy holders in Mysore.

Deposits - Clause 7:- The amount to be deposited in Mysore by an Insurance Company in respect of the insurance business carried on by it in Mysore is the ^{sum} ~~sum~~ as is required under the Indian Insurance Act. The

Association complains that this amount is out of proportion to the business available in the Mysore territories and submits that the provisions of the Indian Life Assurance Act of 1912 may be followed in regard to deposits.

Under the Act 1912, the initial deposit to be made is Rs.25,000/-. Any company which could get together funds sufficient to procure Government Promissory notes (carrying interest at 3%) of the face value of Rs.25,000 could commence business in life insurance. There is also a provision requiring further securities to be put in as the business goes on until securities of the aggregate face value of Rs.2,00,000/- is reached. No deposit is required to be made before starting any other class of insurance business.

This suggestion of the Association is indirectly intended to achieve the same object as is contained in item 3, viz., to frame a Bill on the same lines as the Indian Life Assurance Companies Act of 1912. The object of the Mysore Bill is not only to insist upon the initial deposit in the manner required under clause 7, but also to ^{secure} ^{ment of} invest further amounts, if necessary, such that the total amount of investments taking both clause 7 and clause 27 into consideration, may be equal to 55% of a Life Insurance Company's liabilities to its policy holders in Mysore. Companies carrying on the business of Insurance other than Life Insurance, should also keep certain amounts of deposit and both these objects will be defeated if the suggestion of the Association were to be accepted.

Sufficient concessions have already been shown in

regard to these deposits, by reducing the quantum of deposit to be made at the time of application for registration and by making the balance of the Deposit payable in a number of instalments. Further Clause 116 empowers Government to exempt non-Mysore companies from keeping deposits either absolutely or subject to such conditions or modifications as may be specified in the notification. A non-Mysore Company can easily avail itself of this provision and obtain relief by approaching Government under this clause. No change seems to be therefore called for so far ~~as the~~ as the clause relating to deposit is concerned.

Accounts, Audit, Returns and Valuation Report
Clauses 11 to 16:-

The Association submits that the provisions in regard to maintenance of accounts, submission of Revenue Accounts and Abstracts of valuation Reports separately for business done in Mysore would be very hard on non-Mysore Companies and their compliance would involve enormous trouble and expense. The whole problem hinges upon the factor whether the investment under Clause 27 should be with reference to liabilities to policy holders or otherwise. Whether a company's liabilities are to policy holders at any particular period can only be determined on the basis of the report of Actuarial valuation which in turn will be based upon audited statement of Revenue Accounts. The requirement of separate accounts, etc., for business done in the State can be relaxed only if the basis of investment under Clause 27 is altered.

If it is proposed to alter the basis on which investments under clause 27 are to be made, the clauses 11 to 13, 15 and 16 will have to be amended as under.

Clauses 11 and 12:-

Delete the following words appearing in these - clauses:-

"in the case of an insurer specified in subclause (a) (ii) or sub-clause (b) of clause (8) of Section 2 in respect of all insurance business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him in Mysore,"

Clause 13:-

Delete the following words after the words "shall in line 2 of sub-clause (1) of Clause 13:-

"in respect of the life insurance business transacted by him in Mysore, and also in the case of an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause (8) of Section 2 in respect of all life insurance business transacted by him,"

N.B. This deletion would also be helpful to local companies. As the clause now stands they have to get actuarial investigation made not only for all life insurance business carried on by them, but also in respect of business carried on in Mysore. After the amendment, an actuarial investigation for all the business would be sufficient.

Clause 14:- It is not understood why the Association complains that a compliance with this clause would involve hardship to a non-Mysore Company. No

amendment of the clause appears to be called for.

Clause 15:- No modification appears to be called for in view of the amendments proposed in regard to clauses 11 to 13.

Clause 16:-

(1) In sub-clause (2) (b), for the words "the details required to be supplied in a Revenue Account furnished under this clause of this sub-section", the following words may be substituted:-

"such details as may be prescribed."

(2) The sub-clause (2) (c) may be deleted altogether.

Investment of Assets - Clause 27 (2).

Sub-clause (2) of clause 27 runs as follows:-

An insurer incorporated or domiciled elsewhere than in Mysore, shall subject to the provisions of sub-section (3), at all times invest and hold invested assets equivalent to not less than the sum of his liabilities to holders of life insurance policies in Mysore on account of matured claims and the amount required to meet the liability on policies of life insurance - maturing for payment in Mysore, less the amount of any deposit made under section 7 by the insurer in respect of his life insurance business and less any amount due to the insurer on loans granted by him on policies of life insurance in the manner following, namely, thirty-three and one-third per cent of the said sum in Government securities, and the balance in Government securities or other approved securities.

It is urged by the Association that these requirements are not at all necessary and if it is not possible to delete them, the distinction between Mysore and non-Mysore companies may at least be removed by reducing the investments to 55% in the case of the latter also.

The Association while asking for reduction in the percentage of investments to be made is strangely - silent as to whether the percentage should be fixed with reference to liabilities to policy holders in Mysore, or on any other basis. It is not understood how the clauses 11, 12, 13 and 16 can be modified - retaining the clause 27 as it is without a reduction in the percentage of investments.

The following alternative provisions are suggested for consideration:-

A non-Mysore company carrying on life insurance business in Mysore should invest in approved securities

(1) an amount which bears the same proportion to its total liabilities as the Mysore premium bears to its total premium, or

(2) an amount equal to a certain per-centage - not being below 75% - of its premium collections in Mysore, excluding the collections by way of 1st year's premiums on policies issued, or

~~(3) a proportion of its life fund in the same proportion as the Mysore premium bears to its total premium.~~

These alternatives may perhaps be suggested to the Association and its opinion called for. Any -

other suggestion which the Association may put forward as a possible alternative may also be considered.

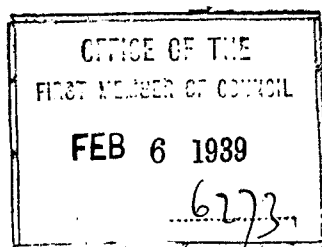
On receipt of the reply, the amendment of Clause 27 may be taken up for consideration.

o. v. s. Books to be kept by insurers established outside Mysore - Clause 64:-

This clause as at present worded will cause hardship to non-Mysore insurers, if only the other clauses, viz., Clauses 11, 12, 13 and 16 are not amended. As it is proposed to amend these clauses the wording of clause 64 may remain as it is.

The Association has submitted that clause 63 also requires to be modified. This clause relates to the particulars to be filed by insurers established outside Mysore, who establish a place of business within Mysore. A perusal of the clause will show that there is no requirement which can be considered hard by an outside insurer to comply. No amendment of the clause seems to be therefore called for.

A draft reply to the Secretary of the Association is also put up for approval or other orders.



AM 6/2/39
19/1/39
over view about the
all before the reply from
the draft letter in the file
AND
6.2.39cd

Serial
No.

1462
72

2291
10

A bill for amending the Indian Insurance Act is said to have been introduced in the Assembly. A copy of the bill, together with the statement of objects & reasons, may please be put up.

All

8/2/39

AD 8.2.39

100.200
8/15.2.39

Mr. A. V. K. will please see the amending bill through a note immediately.

AD 15.2.39

A copy of the Bill is put up for reference. The amendments proposed therein run into 37 clauses and almost all of them are minor ones designed to clarify the meaning or rectify certain drafting or technical defects. The only three important amendments are those relating to the amendment of sections 27 and 116.

The amendment of section 27 is designed to give relief to British Indian insurers carrying on business in Indian States where under the State Insurance Law they are required to keep deposits or hold a portion of their assets invested in State securities, without

Re Mysore Immigrant Bill

92 File No.

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of 1935-26

General and Revenue
Secretariat

improving, however, the security for policyholders
in British India. The amendment of Section
116 ~~is also~~ also proposes to give relief
to the British Indian members but in the
matter of maintenance of accounts,
registers and documents.

MAR 24 1939

7620

The Select Committee of the Assembly
rejected the amendments as in their
opinion those provisions contained practical
difficulties and that "the settlement
of the issue involved might in the first
instance be attempted by negotiations
with the Indian States concerned". As regards
Section 116, they say that "they do not think
that the conferment of the proposed power
to be in the best interests of the policyholders".

The Bill ^{as amended by the S.C.} has now been passed
both by the Assembly and the Council of State
without any change whatever so far as
the amendment of Sections 27 and 116 are
concerned.

The Select Committee's report is flagged L.

It is a point for order whether
we may not proceed with the Bill with
such amendments as we may consider necessary
in the light of the amendments made to the Indian Act.
The letter to the Hon'ble, The Indian Life Insurance Office, which
has been approved, may perhaps issue.

I think we will have to proceed with the
bill. As regards A, we may have to make R. 24/3/39
suggestion (see the letter). In order (13th Nov) 26/3/39

27/3/39

27/3/39

27/3/39

Re Mysore Insurance Bill

3853
47

General and Revenue
Secretariat

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of 1935.

[App. F. III-2]

Serial
No.

To The Hon'y Secy,

The Indian Life Insurance Office Altn. Bombay

At 6301 of 30.3.29

States that this Govt are agreeable to the ^{critique} ~~the~~ relation
of certain provisions in the Mys. Ins. Bill relating to
maintenance of accs etc separately for the life insurance
business carried on in the state by a foreign insurer;
and notes the opinion of the Altn. on the
suggestions of certain foreign insurers for amending
Clause 2) -

5 From

The Hon'y Secretary, Indian Life Ins. Office

at Altn. of 17.4.29

States that this office letter of 20.3.29 was
fully considered by them & furnishes the views
of the Altn. on the suggestions made

~~of the~~ Subd before forward, the papers to
Mr. M. Krishna Murthy as advised by the Secy
on the letter of the Hon'y Secy
Encl. 1/4

C/S
eff

Draft amendments proposed in respect of section
27 & consequent amendment of section 116 are

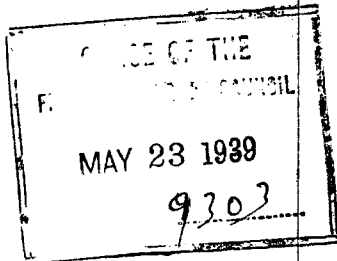
being put up for approval. A draft set of other
conclusions (Verbal) following the amendments in the bill
will be put up separately.

WD 0544-GPB-30,000-29-38

18th Mr)

23.5.39

The Hon'y Secy & Mr A. M. H. may
please speak to me tomorrow 23/5/39



Mysore Insurance Bill

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General and Revenue
Secretariat

A consolidated list of amendments
to be moved at the time of ^{the} Third Reading of the Mysore
Insurance Bill is herewith put up. The amendment
of Section 116 in the form now proposed has been approved
by the 1st member on the 24th instant. No amendment
has been considered necessary in regard to Section 27 (2)
as the amendment of Section 116 satisfies the
purpose. Section 13 was also suggested by the 1st member
to be modified as it is considered to be a hardship
on the local insurance companies if they were to be
asked to put up a separate valuation for business
in Mysore. The other amendments in the list follow
the amendments recently effected in British India.

AMK
26/5

Final Secy
through
U.S. Sub-Committee
Branch

These amendments may be approved

Final Secy
If approved by will be for income
in Mysore submitted to AD
Devn taken report 26.5.39
26.5.39
1.6.39

AMK
2/6/39.

The following motions will be included in the Agenda
Amendments. (as in the list appended).

Mover 1st Member of Council
Secunder Financial Secretary.

2. Motion that the Bill as amended

503
P

7453
P

Mysore Insurance Bill

General and Revenue
Secretariat

File No.

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[App. F. III-2

Serial
No.

be passed

Mover - 1st Member of Council

Secunder - Financial Secretary

13.6.39

2nd Member
Thy 2 Fin Secy

C 13/6

16.6.39

The amendments proposed were considered by the Legislative
Council and accepted at the ^{next} session
The Bill as amended has also been passed.
A D.F.N. is put up for orders.

Law Secretary,

3/57

1st Member

signed F.N. is placed in file.

C 5/7

9/47

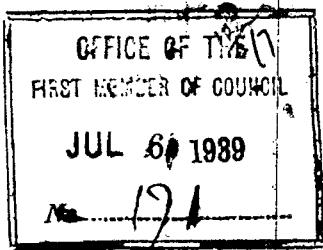
6/7/39

Submitted with S.N.

Downan

C 87-

289



Final Note by the First Member of Council.

Subject.—

Promulgation into law of the Mysore Insurance Bill.

P On the 6th October 1937 the gracious sanction of His Highness was accorded to legislation being undertaken to control Insurance Companies carrying on business within the State.

The general principles of the Insurance Bill were placed before the Representative Assembly during the Dasara session of 1937 and received the approval of that body. Thereafter the Bill was introduced in the Legislative Council in January 1938 and was referred to a Select Committee. The Report of the Select Committee and the Bill as amended by it were taken into consideration by the Legislative Council in June 1938 and the Council also adopted a motion that the Bill as amended be passed at a subsequent meeting.

The Bill came up for final consideration at the meeting held recently and Government took the opportunity to place for the consideration of the House some amendments based on changes since introduced into British India in March 1939, subsequent to the introduction of the Bill in Mysore and which were considered worthy of incorporation in our Bill. These were duly approved by the Council and the Bill as thus amended was passed.

I solicit the gracious sanction of His Highness to promulgate the Bill into law.

N. Madhava Rao

Bangalore,
6th July 1939.

MEMBER OF COUNCIL.

Submitted to His Highness.

*I submit herewith a Final Note by the **First**
Member of Council on the subject of **promulgation**
into law of the Mysore Insurance Bill*

for His Highness' gracious approval.

Mirza M. Ismail

Dewan.

10.7.39

Record of Cases submitted for the Orders of
His Highness the Maharaja.



Subject.

Promulgation into law of the
Mysore Insurance Bill.

H. 1423

SUBJECT:—

*Promulgation into law of the Mysore
Insurance Bill*

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at Headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to Members of Council for perusal of His Highness' orders before/after issue of orders. (Vide Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

M. S. A. J.

Chief Secretary to Government.

Through the Secretary to Government,

Financial Department.

A. S.

15-7-39

525
15-7-39

FIRST MEMBER OF COUNCIL.

Recd

16/7/39

SECOND MEMBER OF COUNCIL. (on deputah)

Law Secretary with Compliments.

11/8
17-7-39
17/7

3853

Serial
No.

The previous version of this Bill was amended
on 13.7.39 to promulgate the Bill into law.
A draft G.O. directing Publication of the Act as
Act XXII of 1939 is put.

26-7-39

bm

Law Secy

BKR
20.7.39

6 21/7

95m
BKR
21.7

Somed G.O. P 450 Leg 14-39-1 Dtd 24.7.39

Somed S.O. P 582 d 24.7.39 to M. A. V. Krishnamoorthy.

Financial Proceed to finally put
up the G.O. and the letter refd to above
as they are not found in the file

25/7/39

This may be referred to the

Pr. Br. as the names have issued from that

Branch

26/8

A.H. Section

26/8

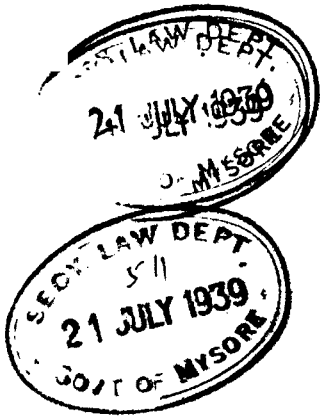
protection for kind compliance.

28/8

3
28/8

The G.O. referred to is the one under which the Act was
published for information

The letter to Mr. A. V. Krishnamoorthy may be forwarded a



File No. Myne Insurance Act.

947
General and Revenue
Secretariat.

3853

Serial
No.

Prof Copy of the Act for perusal

A Prof Copy of the Act containing the G.O. and
the letter to Mr. A.K. Krishnamoorthy were left in the file
when the file was given to the Prof for reply
a letter from the Secretary re reciprocal arrangements
The Prof may kindly replace them in the file

30-8-39 This file may be returned after perusal
for reading here.

the Secy (B)

30/8 H.B.

When was this
sent to Prof &
where is the file
Reciprocal
arrs.

30 AUG. 1939
AGRI. & FOREST BRANCH.

6/9
M. S. H.B.
6/9

The required papers do not seem to be available here.

The law is which the borrowing of the Insurance Act
has been since ^{been} transferred ^{maybe} or requested to make
inquiries please

5-9 H.B.

the Secy (B)

When the file was sent to the A.F. for

the papers were referred to were not available
as the protection and the Insurance
Branch was across is ^{source} to the Comptroller
papers and put them in ^{to Mr. H.B.} Not published
the Act and the letter ^{to Mr. H.B.} in the file.

Subs for order

6/9/39 H.B.

H.B.

6 SEP. 1939
AGRI. & FOREST BRANCH.

I think there is another

file re: Request of Fire Insurance Federation (?)
~~or so~~ for which might have been transferred to A.C.
Please bring up ~~the files~~
6/9

3853

Insurance Act

1370-941

General and Revenue
Secretariat.

File No.

of 19

[App. F. III-2

Serial
No.

Ref. Marginal note on last page of the notes

The Residency letter suggesting reciprocal arrangements bearing Pol no 193: + Protection Brand no $\frac{612}{P}$ of '39 dated 28.7.1939 was transferred to the final desk on 31.7.1939 for disposal there as that was the administrative section dealing with the Insurance Act. The matter has not since been dealt with in the Dept. or

This file was taken in connection with that letter of the Residency and to enable a reply thereto being sent here days thereafter.

on
12.9.39
Dom

A + 2)
Br

Htt
12/9 Fl Sectt)

The papers refer to (the notes and the letter to Mr. A.V.K.) are not in the file as the ~~request was made to the~~ Fire Insurance Committee.

The paper quoted by the Public Branch may kindly be looked into by the Finance Branch ~~before~~ and the paper kindly put up in ~~unusually~~

to Htt
12/9/39 Fl. Br)

15

It is understood that the ~~connected~~ referred to file is before the Law Secy
H.F.
Htt)

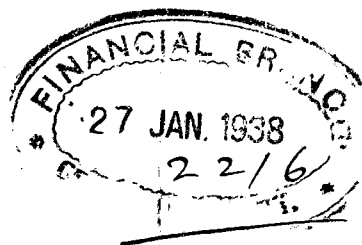
AMW
19.9
Br

A + F. Br)

Cpt
19/9

Referred to Protection for kindly sending this file and forwarding it to the final record This will be obtained if

for Secy with Complaints
over
17/1/38
27.1.38



MEMORANDUM OF POINTS
SUBMITTED ON BEHALF OF THE MYSORE INSURANCE
COMPANY, Ltd.,
FOR THE CONSIDERATION OF THE GOVERNMENT OF MYSORE
IN CONNECTION WITH THE PROPOSED INSURANCE BILL
IN THE COURSE OF THE INTERVIEW WITH THE SECOND MEMBER OF COUNCIL
ON 17th JANUARY 1938.

The Mysore Insurance Company, Ltd., started business in the year 1934 and has been making fair progress considering the limited field open to it. The Company recently decided upon extending its business outside the limits of the Mysore State and for that purpose it has already entered into several commitments. In fact, to meet the requirements of its business, the Company had to increase its Share Capital in the year 1935 from Rs.1,00,000/- to Rs.3,00,000/- out of which amount shares to the extent of Rs.1,00,000/- have been issued and the Directors have decided upon issuing further shares to the extent of Rs.1,00,000/- for the purpose of meeting the commitments involved by the decision to extend the Company's business to British India. Such being the present position, practically all the available resources of the Company are now used up.

2. Under these circumstances, if the Insurance Bill now to be introduced in the Mysore Legislative Council were to become law without any modification, the Company would have to deposit Rs.50,000/- within three months and Rs.1,50,000/- in nine equal annual instalments commencing from 1st January 1940. The commitments of the Company mentioned in para 1 are so heavy that it would be put to very great difficulty if it were made incumbent on the Company to deposit Rs.50,000/- within three months after the enactment of the

the Bill. No doubt, the extension of Company's business outside the State will in course of time mean additional business and increase the financial resources of the Company. But that will be a matter of time. If, in the meanwhile, the Company were to be compelled to find a large sum of money for making deposits in accordance with the Bill, the Company's resources would become hopelessly crippled and the continuance of its business may become difficult unless a very large amount of capital is otherwise secured which is not by any means easy to do. The result may be practically to stop further progress of the Company.

3. As the Government are doubtless aware, insurance business in Mysore is yet in its infancy. There are barely 3 indigenous companies engaged in life insurance business. Our Company has managed to secure a fair amount of business within the short period it has been in the field. The sympathy and encouragement which it has received at the hands of our benevolent Government, have in no small measure contributed to its success and we may take this opportunity of giving expression to our sense of gratitude to the Government for the sympathetic help and encouragement we have received from it. We are sure that the Government whose policy has always been to encourage industrial and commercial enterprise in the State and promote the general prosperity of the people would hardly like to see an enterprise like ours reduced to helplessness in its early stages by reason of the introduction of a new legislative measure

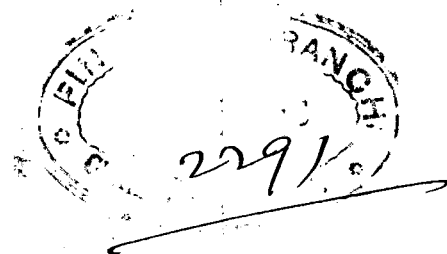
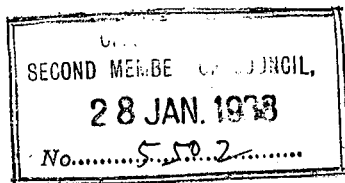
4. We pray that in pursuance of its policy of giving encouragement and support to indigenous industrial and commercial enterprises, the Government be pleased to modify the Bill in question on the following lines:-

(1). The deposit required under Clause 7 may be re-

duced to Rs.50,000/-. In this connection we would point out that while in British India which is a very vast area Rs.2,00,000/- is fixed as the deposit in the case of companies like ours, it is hardly necessary to insist on a deposit of the same amount being made by us considering the more limited field which is open to us. It is, therefore, submitted that a deposit of Rs.50,000/- would on the one hand be adequate as a security and on the other, quite commensurate with limited resources of the business which can be transacted within the State. The deposit amount may be made payable in ten instalments.

The time for registration which is proposed in the Bill viz., three months after the enactment of the Bill may be enhanced to six months so as to allow sufficient time for the existing Life Insurance Companies to get together the requisite amount.

The period proposed to be fixed by clause 27(3) of the Bill for complying with the requirements of Clause 27(1) is too short and we request that at least 8 years' time may be fixed, the proviso to sub-clause (3) being correspondingly altered.



M. 1054

MEMORANDUM OF POINTS
SUBMITTED ON BEHALF OF THE MYSORE INSURANCE
COMPANY, Ltd.,
FOR THE CONSIDERATION OF THE GOVERNMENT OF MYSORE
IN CONNECTION WITH THE MYSORE INSURANCE BILL
IN THE COURSE OF THE INTERVIEW WITH THE DEWAN OF MYSORE

ON 28th JANUARY 1938

I Member m/h

Compliments.

h/s

8-1-38

1. The Mysore Insurance Company, Ltd., started business in the year 1934 and has been making fair progress considering the limited field open to it. The Company recently decided upon extending its business outside the limits of the Mysore State and for that purpose it has already entered into several commitments. In fact, to meet the requirements of its business, the Company had to increase its Share Capital in the year 1935 from Rs.1,00,000/- to Rs.3,00,000/- out of which amount shares to the extent of Rs.1,00,000/- have been issued and the Directors have decided upon issuing further shares to the extent of Rs.1,00,000/- for the purpose of meeting the commitments involved by the decision to extend the Company's business to British India. Such being the present position, practically all the available resources of the Company are now used up.

2. If the Mysore Insurance Bill were to become law without any modification, the Company would have to deposit Rs.50,000/- within three months and Rs.1,50,000/- in nine equal annual instalments - commencing from 1st January 1940. The commitments of the Company mentioned in para 1 are so heavy that it would be put to very great difficulty if it were made incumbent on the Company to deposit Rs.50,000/- within three months after the enactment of the Bill. No doubt, the extension of Company's business outside the State will in course of time mean additional business and increase the financial resources of the Com-

extended or are extending their business to the State have been doing business in British India for a long time and have, therefore, the accumulated resources of a large number of years at their disposal. They can easily find the amount necessary for making a deposit of even Rs.2,00,000/- in the State while local enterprises like ours who have not yet extended their business to British India and whose activities have till now been confined to the limits of the State would be rendered helpless if at the present stage of our progress such a large deposit as Rs.2,00,000/- has to be made as provided in the Bill. We may add that any increase in the scope of our business by extending it to British India would involve finding further sum of more than Rs.2,00,000/- for deposits in British India. The difficulty in finding over Rs.4,00,000/- for making deposits in the State and in British India can be easily realised. Thus, the result of the proposed legislation in its present form would be to afford encouragement to enterprises from outside the State and practically to stifle enterprises started within the State which are hardly beyond their infant stage. We are sure that this could not be the intention of the Government who have always have it as their aim to help local enterprises as far as possible.

5. We, therefore, pray that in pursuance of its giving encouragement and support to indigenous industrial and commercial enterprises, the Government be pleased to modify the Bill in question on the following lines:-

- (1) The deposit required under Clause 7 may be reduced to Rs.50,000/-. In this connection, we would point out that while in British India which is a very vast area Rs.2,00,000/- is fixed as the deposit in the case of companies like ours, it is hardly necessary to insist on a deposit of the same amount being made by us con-

Respected Sir,

I beg to request you kindly to arrange for an interview of the Board of Directors, Legal Advisers and Auditor of our Company with the Dewan Sahab to represent the troubles and difficulties that our Company will have to face if some of the clauses of the New Insurance Bill to be introduced in the coming Legislative Council, are retained as they are. I would earnestly request you to let me know the date of interview at least 3 or 4 days earlier in order that I may inform the same to our Directors who are out of station. I am herewith enclosing a list of the Board of Directors, Legal Advisers and Auditor of the Company for your kind information.

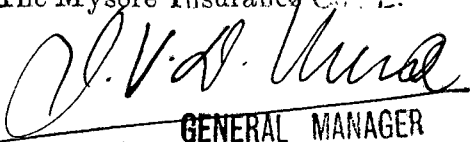
I would once again request you to kindly arrange for the interview as early as possible, which we shall consider as a great timely co-operation with this "Model Insurance Institution of the Model State."

Thanking you in anticipation,

I beg to remain,
Respected Sir,
Your most obedient servant.
For, The Mysore Insurance Co., Ltd.

Encl.1.

D.K.


GENERAL MANAGER

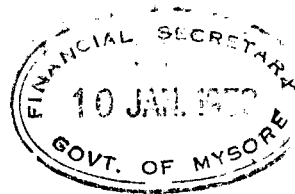
THE MYSORE INSURANCE COMPANY, Ltd.
BOARD OF DIRECTORS & LEGAL ADVISERS,
AND AUDITOR.

- | | |
|--|--|
| <p>1. V.Venkatappa, Esq.,
 Chairman, Board of Directors,
 Mysore Insurance Co., Ltd.,
 Ex-President, Bangalore Dt.,
 Board & Ex-Member, Mysore
 Representative Assembly &
 Mysore Legislative Council,
 <u>TITTAMARANAHALLI.</u>
 Channapatna Taluk.</p> <p>2. J.M.Imam, Esq., B.A., B.L.,
 M.L.C.,
 President, District Board,
 <u>CHITALDROOG.</u></p> <p>3. P.Sivashankar, Esq., B.A.LL.B.,
 Advocate,
 III Road, Chamarajpet,
 <u>BANGALORE CITY.</u></p> <p>4. M.S.Basavanna Devaru, Esq.,
 M.R.A.,
 Sowcar, Silk Merchant & Direc
 tor, Mysore Spun Silk Mills,
 <u>MAMBALLI.</u> Ltd.,
 (Via.) Kollegal,
 Mysore District.</p> <p>5. V.Narayana Rao, Esq., of
 Messrs.S.Vital Rao & Son,
 'A' Agents, Messrs.Burmah
 Shell Oil Company, Ltd.,
 Sreerampet, <u>M Y S O R E.</u></p> <p>6. Mrs.R.Kalyanamma,
 Editor, "Saraswathi",
 III Road, Chamarajpet,
 <u>BANGALORE CITY.</u></p> | <p>7. S.M.Nanjundappa; Esq.,
 Banker,
 Nagarthpet,
 <u>BANGALORE CITY.</u></p> <p>8. J.V.Doddaveerappa, Esq.,
 of Messrs.J.Veerabhadrapa
 Sons, Cloth & General Merchants
 Hoskote,
 Managing Editor,
 "Vima Vanijya"
 Nagarthpet, <u>BANGALORE CITY.</u></p> <p>9. D.K.Pillanna, Esq.,
 of Messrs.D.K.Channappa &
 Brother, Cloth Merchants,
 Devanahally,
 "Krishnalaya", Nagarthpet,
 <u>BANGALORE CITY.</u></p> <p style="text-align: center;">*****</p> <p style="text-align: center;"><u>LEGAL ADVISERS.</u></p> <p>10. H.V.Narayana Rao, Esq.,
 B.A., LL.B.,</p> <p>11. M.P.Somasekhara Rao, Esq.,
 B.A., LL.B.,
 Advocates of the High Court
 of Mysore,
 <u>BANGALORE.</u></p> <p style="text-align: center;"><u>AUDITOR.</u></p> <p>12. S.R.Mandre, Esq., M.A., B.Com.,
 F.S.A.A. (London)
 Incorporated Accountant,
 Nagarthpet, <u>BANGALORE CITY.</u></p> |
|--|--|

Q 358

Lake View,

Mysore, 8th January 1938.



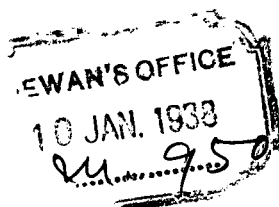
Dear Sir,

With reference to your letter of the 6th instant asking me to fix up an appointment for a deputation from the Directors of your Company to wait on the Dewan to make representations on the subject of the Insurance Bill to be introduced in the Legislative Council, I am desired to say that they may kindly interview the Second Member of Council in the first instance.

Yours sincerely,

Ce
9/1

The General Manager,
The Mysore Insurance Coy., Ltd.,
Sri Narasimharaja Road,
BANGALORE CITY.



SIR PURSHOTAMDAS THAKURDAS.

NAVSARI CHAMBERS, OUTRAM ROAD, FORT,

BOMBAY, March 9, 1938

m. 1356

My dear Sir Mirza,

I understand that a Bill has been introduced in the Mysore Legislative Assembly to regulate and control insurance business in the Mysore State. The Bill^d appears to be more or less a copy of the new Bill introduced in the Central Legislative Assembly at Delhi, and there is one feature of it to which I wish particularly to draw your attention. Under the Bill as published, separate valuation of business of Indian insurance companies working in Mysore appears to be necessary. I am afraid this will mean no end of trouble to, for instance, the Oriental, who will be required to keep all business under-written in Mysore in a water-tight compartment to enable them to ascertain the separate life insurance fund applicable to Mysore, and, in short, to deal with the whole of the Mysore business as if it were a subsidiary company working in Mysore. I am afraid what may have happened is that the provision in the Indian Bill passed by the Central Legislature insisting upon foreign companies working in India maintaining separate accounts for their Indian

business may have been taken as a model in the Mysore Bill. I write this to draw your attention to this, and venture to point out that what has been laid down as required of foreign companies operating in India does not necessarily hold good for Indian insurance companies working in an Indian State. As you are aware, there can be no water-tight compartments for British India and Indian India, and I am afraid that if the Mysore Assembly pass this legislation, it will really handicap Indian insurance companies working in Indian States, or, in this case, the Mysore State. May I venture to ask how you would look upon it if an insurance company registered in an Indian State is asked to keep separate accounts for the business it underwrites in British India? I would like to bring this to your knowledge, with a request that this provision made in the Mysore Bill should be dropped, and I shall be very grateful if this letter of mine can have your earnest and immediate attention.

As you know, the relations between the Oriental Life and the Mysore State have been of the best, and I feel somewhat perturbed at this provision

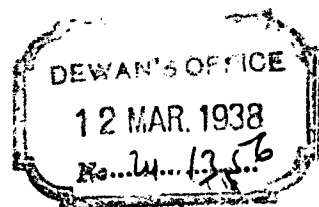
in the Mysore Bill and trust that you will be able to further greater co-operation between British India and Indian India by getting this provision dropped.

With kind regards,

Yours sinterely,

B. M. Ismail

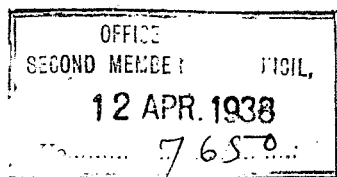
Amin-ul-Mulk
Sir Mirza M. Ismail, Kt., KCIE.,
Bangalore.



THE INDIAN LIFE ASSURANCE OFFICES ASSOCIATION.

Lakshmi Building,
~~DAVID SASSOON BUILDING,~~ Phirozeshah
~~RAMPARA BOWLING,~~ Mehta Rd.

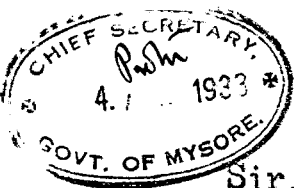
No. V1 B11/153



BOMBAY, 29th March 1938

The Chief Secretary,
 to the Government of
 H.H. the Maharaja of Mysore,
MYSORE.

*Submitted
 to 11th member
 for annual general
 AM 12/4/38
 For members' orders please
 see note sheet.*



Sir,

Re: Mysore Insurance Bill.

clb 13/4

We beg to submit the following for the consideration of your Government in connection with the Bill to regulate and control insurance business in the state now pending before your Legislature.

We are an Association of Indian Life Insurance Companies established in 1928, having at present 40 of the leading Life Assurance Companies on our roll as members as per list appended herewith. At the time the Government of India contemplated amending the existing Insurance Bill, our Association had the honour of being invited to nominate a representative to serve on the Advisory Committee appointed by Government. Having taken a considerable part in the shaping of ^{the} British Indian Bill we beg to submit that our views as now put forth represent the result of the knowledge gained by our own varied individual experience and by the collective action taken during the passage of the British Indian Bill at various stages of legislation.

Our Association welcomes the move for standardisation of Insurance practice and law throughout the country, which alone, it feels, must have prompted the framers of the Mysore Bill to follow

P.T.O.

so completely the British Indian Model.

Our first submission to your Government is that while British Indian Bill may serve as a good model, it may not be desirable to copy it wholesale. The problems facing the Government of India are in many respects different from those facing the Government of any Indian State; while the Government of India could act as a single unit, each Indian State acting as ^a separate unit would result in a great loss to Indian Insurance. One of the main objects of the new Insurance Bill in India was to protect the interests of Indian Insurance Companies and Indian Policyholders from the uneconomic Competition of Non-Indian Companies. The Indian Insurance Bill to a very large extent treats India as an organic whole and does not make distinction between British India and Indian India in any vital matter. It would almost appear as if the Indian Government had the materialisation of Federation with Indian States in near future at the back of their minds in framing the several provisions of the Bill. When such unitary control arrives the twin objects of protecting the Policyholder from unsound schemes and protecting the indigenous industry from unfair competition would be amply secured, and separate action on the part of the units forming the Federation would be unnecessary. Our first and foremost submission to you would, therefore, be that your Government should be pleased to postpone consideration of the Bill till definite steps have been taken as regards Federation with British India. The Policyholders in your state are not likely to suffer by postponing the Bill as all the Companies working in the State will be those Companies which have been working in British India and which are subject to the stringent Insurance Act in British India newly passed.

The wholesale adoption of the provisions of the Indian Insurance Bill in regard to matters like Deposits, Investments, preparation and Submission of Accounts and Valuation Statements is bound

to result in great difficulties in the practical working of the Branches in Mysore of the various insurance companies and might defeat the very objects which the state may have in mind for introducing the Insurance Bill.

The volume of business written by Life Assurance Companies from the state of Mysore is naturally much less and very limited as compared with that in British India. It is therefore not necessary to have exactly the same detailed provisions in the Mysore Act as are in the Indian Act. To give only a few instances it may be said that the proposed fee of Rs.100/- for registration of a Company, the proposed Deposit of Rs.200,000/- with the State authorities, the restriction to investments and the elaborate yearly and periodical statements required to be furnished may work as a great hardship to Indian Insurance Companies. If a Life Assurance Company working in Mysore has to keep an Office in the State all the Account Books which might enable it prepare a separate Revenue Account every year and a separate Valuation Report periodically, it will have to maintain a very competent --- Accountant and Insurance Staff there which compared to the small business available there will be impossible to do.

Such a state of affairs might oblige though reluctantly some first class Indian Companies to withdraw from the State. The general work of making the public insurance minded may be thus retarded.

It appears to my Committee that the draft Bill prepared by the Government of Mysore does not even grant reciprocal treatment to the Companies of British India and goes further than the provisions of the new Insurance Law. To give only one example, Section 13 of the Insurance Act 1938 requires all insurers to prepare and file an Actuarial report and abstract in respect of the life insurance business transacted by him in India (not British India). The Bill to regulate insurance

business in the state of Mysore has a somewhat similar clause which too/^{is}numbered 13- which requires the Actuarial report in respect of the business transacted in Mysore. Thus/^{while}a Company incorporated in Mysore shall have to file Actuarial report with the Government of India for the business transacted in the whole of India including the State of Mysore, a Company incorporated in British India and working in Mysore shall have to file with the Government of Mysore the Actuarial Report regarding business in Mysore only - Similarly Sections 11 and 12 also can be pointed out.

It may be that the Bill was drafted before the Indian Act took the final shape. We do not at this stage desire to go into a detailed examination of the draft Bill beyond adding that whilst our Association welcomes stricter control on the part of the state for the safety of the Policyholders, it is not in favour of your State passing an Insurance Act which may retard the progress of Indian Insurance the State. We would suggest that even if the Bill is proceeded with, the Indian Companies which have complied with the requirements under new Act should be exempted from the operation of sections regarding Deposits, Returns and Statements to be filed, Investments and keeping of certain Books etc.

We however hope that your Government will see its way to accede to our request to defer consideration of the Insurance Bill till the Indian Federation materialises but if it is decided otherwise may we request that an opportunity be given to our Association to represent our case before the authorities concerned both through deputations and a written memorandum.

I have the honour to be,
Sir,
Your most obedient servant.

K C. Desai

hon: Secretary.

Name of the Company:

Address:

- | | |
|--|--|
| 1. Andhra Insurance Co. Ltd., | Masulipatam. |
| 2. Asian Assurance Co. Ltd., | Asian Bldg., Ballard Estate, Fort Bombay. |
| 3. Asiatic Government Security Life Assce. Co. Ltd., | Asiatic Bldg., Bangalore City. |
| 4. Bengal Insurance & Real Property Co. Ltd., | 2 Church Lane, Calcutta. |
| 5. Bharat Insurance Co. Ltd., | Bharat Bldgs., Lahore. |
| 6. Bombay Co-operative Insurance Society Ltd., | 9 Bake House Lane, Fort Bombay. |
| 7. Bombay Life Assurance Co. Ltd., | Bombay life Bldg., Churchgate St., Fort Bombay. |
| 8. Bombay Mutual Life Assce. Society Ltd., | Bombay Mutual Bldg., Fort Bombay. |
| 9. Calcutta Insurance Co. Ltd., | 86 Clive Street, Calcutta. |
| 10. Commonwealth Assurance Co. Ltd., | Budhwar Peth, Poona City. |
| 11. Depositors Benefit Insurance Co. Ltd., | Central Bank Building, Fort Bombay. |
| 12. East and West Insurance Co. Ltd., | Apollo Street, Fort Bombay. |
| 13. Eastern Federal Union Insurance Co. Ltd., | 9 Clive Street, Calcutta. |
| 14. General Assurance Society Ltd., | General Assurance Buildings, Ajmer. |
| 15. Himalaya Assurance Co. Ltd., | 15 Chittaranjan Avenue, Calcutta. |
| 16. Hindu Mutual Life Assurance Ltd., | Hindu Mutual House, Chittaranjan Avenue, Calcutta. |
| 17. Hindusthan Co-operative Insurance Society Ltd., | 6-A. Surendra Nath Banerji Road, Calcutta. |
| 18. India Equitable Insurance Co. Ltd., | 102 Clive Street, Calcutta. |
| 19. Indian Globe Insurance Co. Ltd., | Hornby Road, Bombay. |
| 20. Indian Life Assurance Co. Ltd., | Elphinstone Street, Karachi. |
| 21. Indian Mercantile Insurance Co. Ltd., | Sir Phiroze Shah Mehta Road, Bombay. |

Name of the Company:

Address:

22. Indian Mutual Life Association Ltd.,	Triplicane, Madras.
23. Industrial & Prudential Assce. Co. Ltd.,	Jehangir Wadia Bldg., Fort Bombay.
24. Jupiter General Insurance Co. Ltd.,	Ewart House, Fort Bombay.
25. Lakshmi Insurance Co. Ltd.,	Lakshmi Building, Lahore.
26. Metropolitan Insurance Co. Ltd.,	28 Pollock Street, Calcutta.
27. National India Life Insurance Co. Ltd.,	9 Lal Bazar Street, Calcutta.
✓ 28. National Insurance Co. Ltd.,	7 Council House Street, Calcutta.
29. Nagpur Pioneer Insurance Co. Ltd.,	Pioneer Bldg., Nagpur.
30. Neptune Assurance Co. Ltd.,	Parsi Bazar Street, Fort Bombay.
31. New India Assurance Co. Ltd.,	Central Bank Bldg., Fort, Bombay.
✓ 32. New Insurance Ltd.,	Benares.
✓ 33. Oriental Govt. Security Life Assce. Co. Ltd.,	Oriental Buildg., Fort Bombay.
✓ 34. Presidency Life Insurance Co. Ltd.,	Sir Phiroze Shah Mehta Rd., Fort Bombay.
✓ 35. Star of India Insurance Co. Ltd.,	3 Cooper Road, Lahore.
36. Sun Light of India Insurance Co. Ltd.,	3 Temple Road, Lahore.
✓ 37. United India Life Assurance Co. Ltd.,	Sembudoss Street, Madras.
38. Universal Fire and General Insce. Co. Ltd.,	Sir Phiroze Shah Mehta Rd., Fort Bombay.
39. Western India Life Insurance Co. Ltd.,	Satara.
40. Zenith Life Assurance Co. Ltd.,	125 Esplanade Road, Fort Bombay.

My dear Sir Purushotamdas,

I am in receipt of your letter dated the 9th March 1938 regarding a certain provision in the Mysore Insurance Bill.

I need hardly tell you that nothing can be further from our intention than to cause any undue hardship to British Indian companies ^{or firms} ~~working~~ ^{operating} in Mysore. The object of the provision in question is to obtain correct statistical information regarding the life insurance business transacted in ^{the State} ~~Mysore~~ by Insurance companies whether incorporated in Mysore or outside. Separate valuation is also necessary for determining the liabilities of British Indian as well as foreign companies to policy holders in Mysore in order to facilitate investment of assets in Mysore as required under clause 27 (2). If the maintenance of separate accounts for business done in ^{the State} ~~Mysore~~ is to be dispensed with, could you suggest any other method by which the object in view could be secured?

The Select Committee which is
meet on the ^{April 25} 25th of April will give
very careful consideration to the
points urged by you and ^{by} any alterna-
tives ^{which} you may suggest in the matter.

Would you kindly ask the Oriental
Office to send to the address of the
Secretary, Mysore Legislative Council
Bangalore, a memorandum containing your
views and suggestions?

Yours sincerely,

Yours

Jm

Sir Purshotamdas Thakurdas,
Navsari Chambers,
Outram Road,
Fort, Bombay.

(Dono-5181)

Wm Keen
Fernhill
th April 1938.

My dear Sir Purshotandas,

I am in receipt of your letter dated the 9th March 1938 regarding a certain provision in the Mysore Insurance Bill.

I need hardly tell you that nothing can be further from our intention than to cause any undue hardship to British Indian companies carrying on business in Mysore. The object of the provision in question is to obtain correct statistical information regarding the life insurance business transacted in the State by Insurance companies whether incorporated in Mysore or outside. Separate valuation is also necessary for determining the liabilities of British Indian as well as foreign companies to policy holders in Mysore in order to facilitate investment of assets in Mysore as required under clause 27 (2). If the maintenance of separate accounts for business done in the State is to be dispensed with, could you suggest any other method by which the object in view could be secured?

The Select Committee which is to meet on April 25 will

give careful consideration to the points urged by you and to any alternatives which you may suggest in the matter. Would you kindly ask the Oriental Office to send to the address of the Secretary, Mysore Legislative Council, Bangalore, a memorandum containing your views and suggestions?

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'J. N. 2' followed by a long horizontal stroke.

Sir Purshotamdas Thakurdas, C.I.E., M.B.E.,
Narsari Chambers, Outram Road,
Fort, BOMBAY.

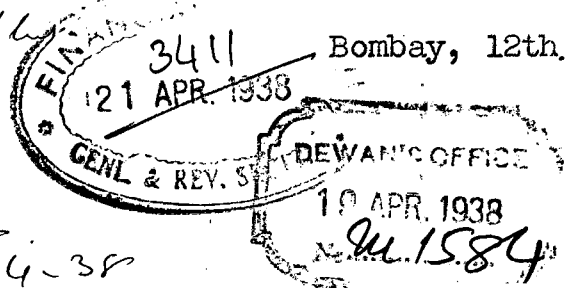
C. Sitaramiah.

Mysore House,

Hindu colony, Chembur,

Bombay, 12th April, '38

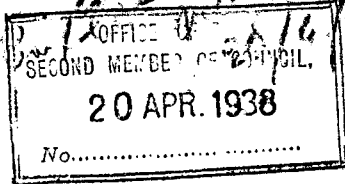
II *Mr. C. Sitaramiah*
for his report.



Amin-ul-Mulk,

17-4-38

J. S. Sir, Mirza M. Ismail, K.C.I.E., C.I.E., O.B.E.,



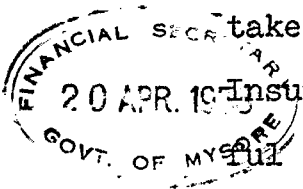
Dewan Saheb of Mysore, Bangalore.

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Sir,

Referring to the resolution of the Association of

Indian Insurance Companies, in it's last sitting, vide cutting from The Times of India, of 20th March 38, attached, I respectfully beg to represent that any measures that our benign Government may



take to protect the interests of our own, yet infant, indigenous Insurance Companies, will naturally be resented by the more powerful and long-standing outside concerns.

Mahatma Ghandhi, in reply to a deputation of Indian merchants from Bombay, vide report in the Times of India of 28th March, has said that " To talk of no discrimination between Indian interests and English or European is to perpetuate Indian helotage. What is equality of rights between a giant and a dwarf.? Before one can think of equality of rights between unequals, the dwarf must be raised to the height of the giant.... It will be misnomer to call the process, one of racial discrimination. * * * "

Industrially and commercially, we, Mysoreans stand in the same relation with the people of British India and other Indian States, as are the latter with the English and other European nations. We are only dwarfs compared to the British Indian giants. We do therefore naturally claim the right of protection by our *own* Government against unfair competition in our own State. We need all reasonable help and fair chances to raise ourselves to the height of the British Indian giants. That is not discrimination.

It would be very unfair to Mysoreans if our own Government were to adopt quite an open-door policy in matters vitally affecting the economic advancement of our people. British

Mysore Proposal. (20.3.38)

It was also brought to the notice of the Association that the State of Mysore is contemplating legislation analogous to the Indian Insurance Act of 1938. It was felt that, though in the Indian Insurance Act the Companies formed in Indian States are not discriminated against it was possible that in the proposed legislation provisions might creep in which might operate adversely on companies formed in British India and operating in Mysore. It was, therefore, resolved that the Executive Committee should immediately make suitable representation to the Mysore authorities and send delegation if necessary so as to protect the interests of Indian Companies and save them from unnecessary hardships. It was also resolved to ask the Commerce Department of the Government of India to take such action as might be necessary in this connection.

Provincial Governments and the Governments of all the other Indian States treat us as foreigners for purposes of services, supplies and contracts, and even of education to our children. Fair attempts on our part to raise ourselves to their own level should not be considered as discrimination.

Mahatmaji says that " Rather than countenance these ventures, (by 'foreigners') I would prefer the developement of the industries in question to be delayed by a few years in order to ~~perm~~ permit national capital and enterprise to grow up and build such industries in future under the actual control, direction and management of Indians themselves." To Mahatmaji, " Indians " means the people of Hindustan, including those of all the Indian states. But Unfortunately, there is but one Mahatma Gandhi. in the whole of Hindusthan. Another one is yet to be born, I guess. " Great minds are not duplicated," they say. How I wish, Sir, that some of the recently started industrial concerns in Mysore, ^{were} ~~were~~ delayed by a few years.

I shall not be very unreasonable, if I should humbly submit again, for favour of the consideration of the Government, that all joint stock companies and banks registered in the State, should have at least, eighty per cent of the capital held by the State's people and that ~~an~~ a similar proportion of Mysoreans be included in the direction, management and working of the concerns, at all times.

With due respects,

I beg to remain,

Sir,

Your most obedient servant,

C. Sitarani

A loyal citizen of the State.

Bangalore,

17th April 1938.

Dear Sir,

I am desirous to acknowledge with thanks your letter of the 12th April to the Dewan and the cutting from the Times of India of the 20th attached to it and to say that your request that all joint stock companies and banks registered in the State should have at least 80 per cent of the capital held by the States people and that a similar proportion of Mysoreans be included in the direction, management and working of the concerns at all times will receive every consideration it deserves at the hands of the Government.

Yours sincerely,

Ce
1874

C. Sitaramiah Esq.,
Mysore House,
Hindu Colony,
Chembur, BOMBAY.

ORIENTAL GOVERNMENT SECURITY LIFE ASSURANCE CO. LTD.

(INCORPORATED IN INDIA, 1874.)



ADDRESS ALL COMMUNICATIONS TO
THE MANAGER AND QUOTE
NO. OF LATEST POLICY.

ORIENTAL BUILDINGS
POST BOX NO. 148.

BOMBAY. 22nd April 1938.

The Secretary,
Mysore Legislative Council,
Bangalore.

Dear Sir,

I refer to some recent correspondence which has taken place between Sir Purshotamdas Thakurdas, Chairman of this Company, and Sir Mirza Ismail, Dewan of Mysore, on some of the provisions of the new Mysore Bill to regulate and control Insurance business in the State particularly in regard to the requirement that all Life Assurance Companies domiciled outside the State should submit a Revenue Account and an Abstract from the Valuation Report in respect of all Life Assurance business transacted within the State. For your ready reference I attach copies of that correspondence, and this letter is a reply to Sir Mirza Ismail's request contained in his letter to my Chairman for suggestions as to any other method by which the objects in view in requiring the submission of separate Revenue Accounts and Valuation Reports could be attained and any other suggestions which the Company might desire to put forward in the matter.

With regard to an alternative method of obtaining particulars necessary to judge of the adequacy of the deposit ^{and} in the investments required to be made within the Mysore State under the provisions of Sections 7 and 27 of the proposed Mysore Bill if submission of separate Revenue Account and Abstract of Valuation Report were not to be required I can only say that there is no satisfactory alternative to attain the object.

There has been insufficient time to consider and prepare a lengthy memorandum on the subject and we had in any case no intention of submitting a separate memorandum from such as has been or may be submitted by the Indian Life Assurance Offices Association of which Association the Company is a Member and which submitted a short representation dated 29th March last to the Chief Secretary to the Government of Mysore on the subject, with the terms of which representation we are in entire agreement.

With particular reference however to the subject matter of the letter of our Chairman, it appears that under Section 116 of the Bill the Government may by notification in the Official Gazette exempt any Insurer domiciled in British India or in an Indian State from the provisions of Section 7 relating to Deposits and from the provisions or Sub-section (1) of Section 27 relating to the keeping of Assets in Mysore, under certain conditions, although in this connection it seems to me that as Sub-section (1) of Section 27 relates to Companies domiciled in Mysore the number of the Sub-section is incorrect and it should read as Sub-section (2) of Section 27. 

The proposal of Government to take this power of exemption seems to indicate that the exemption from the provisions of Section 7 and Sub-section (2) of Section 27 might reasonably be claimed by and granted to well established Companies domiciled in British India who will have to comply with the much more stringent regulations and stricter control than hitherto under the provisions of the new ^{Indian} Insurance Act. If this exemption were granted to approved companies the principal reason for the submission of a separate Revenue Account and Abstract of the Valuation Report in respect of the Mysore business of such Companies would seem to be non-existent and it seems reasonable to suppose therefore that where exemption is granted under Section 116 exemption might also be granted from the necessity of submitting such separate Revenue Account and Abstract of the Valuation Report.

Considering the fact that under the new Bill all Insurers are required to obtain a certificate of registration from the Superintendent of Insurance in order to enable them to carry on business in Mysore State and considering that all Companies in British India must comply with the stringent provisions of the Government of India Act which will practically mean that no Company which is not sufficiently well-established for safety or whose affairs are conducted in an unbusinesslike manner is likely to remain long in existence, and keeping in view that in order to obtain Life Assurance business anywhere Companies must maintain a good reputation in all localities in

which they operate it seems to us that the Policyholders in any Indian State of a company domiciled outside the State would be sufficiently well protected through compliance with the provisions of the Indian Insurance Companies Act and compliance with the equally stringent provisions of the proposed new Mysore Legislation without being required to maintain substantial deposits ~~of~~ ^{and} investments within the State and to submit in connection therewith separate Revenue Accounts and Abstracts of the Valuation Reports in respect of their business within the State to satisfy the Authorities ^{as to} ~~with~~ the adequacy of such deposits ^{and} in Investments

Other States besides Mysore are considering legislation to control the Insurance business within their borders and many of these will undoubtedly model their own Legislation on the Mysore State Legislation, and if these provisions especially in regard to the submission of an Abstract of the Valuation Report became Law in all cases Companies domiciled in British India would have to go to an enormous amount of trouble for maintenance of special records to satisfy the requirements of such Legislation without any commensurate additional protection to their Policyholders within the State. The situation would be particularly harassing in regard to Deposits since if even only ten Indian States adopted simila Legislation to that proposed in Mysore all Life Assurance Companies operating in these States would ultimately have to deposit Rs.2,00,000 in each State irrespective of the amount of Insurance business transacted therein, or a total deposit of

ORIENTAL GOVERNMENT SECURITY
LIFE ASSURANCE CO., LTD.

(5)

Rs.20,00,000 in all, and even if the provisions under Section 27 clause (2) were dropped and no exemption granted with regard to deposits under Section 7 the result would be to keep out of the Indian States all but a few of the Life Assurance Companies domiciled in British India.

It may be desirable of course for the sake of statistical or other purposes to require annually certain particulars such as Statements of premium and other income received by a Company from its Policyholders within the State, Statements of Claims Paid and Outstanding in respect of such Policies and Statements of Assets held by the Company in the State and the supply of this information could be easily provided for and would perhaps save the necessity of the submission of a properly drawn up Revenue Account as contemplated.

As I have already stated we prefer not to make a representation on the Bill separate from such representation as may be made by the Indian Life Assurance Offices Association but this letter is merely intended as a reply to the request for further observations on the points originally raised by my Chairman.

KVR.

LET "MYSORE" PROSPER.



Telegrams:—"KANTEERAVA"

Reg. Office:—NAGESWAR BUILDINGS

MYSORE INSURANCE CO. LTD.



SRI NARASIMHARAJA ROAD.

Ref No. M.I. 2283 / Apr / 38.

Bangalore City 25-4-1938..

A.Sundararaja Rao, Esq., B.A., B.L.,
Ex-Officio Secretary, R.A. & Legislative Council
Bangalore.

Dear Sir,

With reference to the Insurance Bill which is now before the Select Committee of the Legislative Council of which you are a member, we desire to place before you a few important points, confidentially hoping that patriotic and public spirited members like you will see that the measure is suitably amended at the Committee stage.

There are numerous amendments of the Bill which would be suggested. But without going into details, we shall confine ourselves to two important questions which deserve careful consideration:-

1. CLAUSE 7 OF THE BILL.

The above clause provides that every insurer shall deposit and keep deposited with the Comptroller cash or approved securities for the amount specified therein in respect of the several classes of insurance business. In the case of Life Insurance business, a deposit of Rs.2,00,000/- is prescribed, in the case of fire insurance business a deposit of Rs.1,50,000/- is prescribed and so on.

(a) While it must be conceded that it is desirable to safeguard the interests of policyholders by insisting on substantial amounts (in the form of cash or approved securities) being deposited, the amount of the deposit required ought to bear some proportion to the scope and nature of business within stage. There are only three private enterprises in the State. The proposed deposits would place an undue strain on the financial resources of at least two of these enterprises and might seriously cripple them and prevent their further progress. We need hardly add that the proposed deposits would make the starting of new Insurance concerns practically impossible.

(b) At the same time, Insurance concern from outside the State which are already doing business in the State and which possess immense financial resources will gain a great advantage at the expense of local enterprises with their resources sorely crippled even at the initial stages of their business.

(c) Local concerns desiring to do business in British India would have to make similar deposits with British Indian authorities, since a deposit in Mysore would not entitle them as of right to exemption from the liability to make deposits in accordance with the British Indian Law. It is, therefore clear that under present conditions, Mysore concerns with one possible exception would not find it easy to augment their resources by extending their business to British India.

(d) There is no reason why the deposit to be required in the case of Insurance Companies in Mysore should be the same as that prescribed by the British Indian Insurance Act. A concern registered in British India has a vast area open for its operations and the scope for its business is proportionately large. The field open to a Mysore concern is much narrower and the volume of its business is bound to be correspondingly smaller. Such being the position we would take the liberty of suggesting that the amounts required to be deposited under clause 7 should be reduced to one fourth of the amounts proposed in the Bill (i.e., Rs.50,000/- in case of Life Insurance Business and so on).

II. CLAUSE 32 OF THE BILL.

The object of clause 32 is the abolition of the Managing Agency system. As regards companies in which there are already Managing Agents, it is provided that notwithstanding any agreement or provision in the Articles of Association to the contrary, the term of office of extending Managing Agents shall expire at the end of three years from the commencement of the proposed Insurance Act.

Para (3) of clause 32 provides that the maximum amount of remuneration from all sources which a Managing Agency may receive from Insurance Companies shall be Rs.2,000/

In regard to these provisions we would like to point out the serious difficulties which the clause if passed into law in its present form would lead.

(a) Insurance business is in its nature one in which a well thought out plan extending over a long period is necessary. And it is also necessary that there should be continuity of policy : the direction of affairs for a certain number of years at least before the business can be expected to yield any profits. Insurance Companies have to wait for a number of years before they can declare any dividends and strenuous and honest work in pursuit of a definite

- 3 -

definite policy done with a full sense of responsibility and extending over a number of years is necessary before the business can be made to pay. In view of this fact the abolition of the Managing Agency system under which there is a guarantee that the ~~best~~ direction of affairs will be in the hands of those whose interests are closely associated with the interest of the Institution itself, would do irreparable damage to Insurance business in the State.

(b) It follows from what has been stated above that the persons at the helm of affairs in an insurance concern must have security of tenure of office for a number of years and that their personal interests should be dependant on the prosperity of the Institution itself so that they should have an incentive to manage its affairs in as efficient manner as possible.

(c) Managing agents or managers of Insurance concerns occupy ~~positions of great trust and responsibility~~ positions of great trust and responsibility. It is therefore, of the utmost importance that they should be enabled to lead a life suitable to their position and status and their remunerations ought to be such as to keep them from worries or temptation. We, therefore urge that it would be ~~reason~~ unreasonable to place an unduly low limit to the aggregate amount of remuneration which is permissible to them.

We would, respectfully suggest to you that it would be desirable to omit clause 32 altogether. If, however, that is not possible the clause may be so modified that the Managing Agency system should not be totally abolished. But the term of office of Managing Agents may be limited to 10 years from the commencement of its business. As regards in which there are Managing Agents their term of office may be allowed to continue for 10 years from the commencement of this Act, instead of three years.

As regards the remunerations of Managing Agents even if it is found necessary to prescribe a maximum limit, we would suggest fixing the limit sufficiently high to ensure to Managing Agents a decent income which would place them above want and enable them to live in a style consistent with their responsible position.

We request you to see that the amendments suggested above are incorporated in the Bill so as to avoid serious damage which would otherwise be done to the business in the State.

Thanking you,

We are,
Sir,
Yours faithfully,
For The Mysore Insurance Co. Ltd.


General Manager.

VOI.

(Copy of the Agreement between the Mysore Insurance Co. Ltd., and the Managing Agents, Messrs. Kanteerava & Co.).

Articles of Agreement made and entered into this 15th day of February One Thousand Nine Hundred and Thirty four between "THE MYSORE INSURANCE COMPANY, LIMITED," a Joint Stock Company registered under the Mysore Companies Regulation No.VIII of 1917 and having its "Registered Office" situated at Bangalore, or in such other place in the Province of Mysore (hereinafter called the said Company, which expression unless repugnant to the context shall include their successors and assigns) of the one part and Messrs. J.V.Doddaveerappa, B. Prabhakara Rao, B.A., and D.K.Pillanna, who have agreed to carry on business under the name and style of Messrs. KANTEE RAVA & CO., Insurance Solicitors and General Agents, having their office at present at Nagarthapet, Bangalore City, (hereinafter called the said Firm which term unless repugnant to the context shall include the person or persons at present constituting the said Firm as also the person or persons who may constitute the said Firm from time to time and their successors and assigns) of the other part, WHEREAS in consideration of the said Firm having founded, promoted and brought about the formation of the Company and the said Firm agreeing to act as the Managing Agents of the Company, it is provided in the Memorandum and Articles of Association of the Company that the Directors shall enter into and execute or cause to be executed on behalf of the Company this Agreement and whereas the said Company was registered on the Ninth day of November One Thousand Nine Hundred and Thirty-three: NOW THESE PRESENTS WITNESS, and it is hereby mutually agreed by and between the parties hereto as to the said Company on behalf of itself and its successors in business and assigns

and as to the said Messrs. Kanteerava and Co., for themselves and each of them for himself their and his heirs, executors, administrators or assigns. in manner following, that is to say:-

1. The said Messrs. J.V.Doddaveerappa, B.Prabhakara Rao, B.A., and D.K.Pillanna, constituting the ~~said~~ said Firm of Messrs. Kanteerava and Co., and their successors in business or assigns (hereinafter unless otherwise designated called the said Firm) shall be the Managing Agents of the said company for a period of Thirty years from the date of Registration of This Company unless they voluntarily resign the same and after the expiry of the said period of thirty years they would continue in office on the same terms unless removed by an extra-ordinary resolution, passed at a General Meeting to be convened for the express purpose and of which meeting a notice of twelve months at least shall be given to each Shareholder at his address as shown in the Register of Members and at which meeting not less than half the number of the members of the Company entitled to vote shall be present in person or by proxy or by attorney and not less than three-fourths of the paid-up capital of the company shall be represented and they shall not be liable at any time to be removed or this agreement shall not be revoked or cancelled on any ground or for any reason whatsoever ^{save and except upon their being} ~~found guilty of fraud or misconduct by a court of law~~ found guilty of fraud or misconduct by a court of ~~law~~ law in the management and discharge of their duties as such Managing Agents of the company.

2. The Remuneration of the said Firm as such Managing Agents shall be as follows:-

A.(1) An allowance of Rs.300/- per mensem (for the time being) from and after the Registration of the Company or such larger sums as may be gratified by the Directors from time to time, (exclusive of travelling and all other expenses) but such allowance shall be exclusive of the pay of One Hundred

Rupees each per mensem of the first and second partners (and an annual increment of Rupees Twenty or such more increment as would be fixed from time to time by the Directors) for the supervision and attendance of the business of the company.

And the third partner who is for the time being only a financial partner will be entitled for the same scale of pay from the date of his joining the active service for the supervision of and attendance to the business of the company. But such allowances and pay~~s~~ shall be exclusive of all salaries and wages payable to the clerks and other employees and servants of the company and all their establishment and maintenance charges of the offices and the staff including office rents and if however any other branch office is opened hereafter, then in that case extra pay and allowances shall be granted by the Directors to the said Managing Agents.

(2) The Company shall pay to the said Managing Agents in addition to their said remuneration, a commission at the rate of 6% (six per cent) on the gross collections of the company payable yearly immediately after the Audit of the Company's Accounts for the year has been completed. The Directors shall have power to increase it from time to time when they consider it fit.

(3) In addition to the remunerations and commission herein above mentioned the Managing Agents shall be entitled to II Class Railway fare or actual travelling expenses plus out of pocket expenses, plus Rs.5/- bata per day, with a servant with single III Class Railway fare and daily bata of Re.1/-.

B. The remunerations and commission provided for in sub-clause (A) shall be exclusive of the and not include any remuneration and charges which shall be payable to the Bankers, Solicitors, Commission Agents, Clerks, Brokers and other

officers and employees and others, who may be employed by the said firm for or on behalf of the said Company, or for carrying on and conducting the business of the company nor stationary or any other charges and expenses whatsoever, all of which shall be borne and paid by the said company.

C. If the Company shall at any time hereafter carry on any business other than Insurance the Firm shall be paid 10% of the net profits or such further remuneration as the Directors of the Company may deem fit - the remuneration shall be due and payable and be paid to the firm immediately after the same becomes due.

D. The Company shall under no circumstances make deductions from Revenue or Profits for Income Tax, ^{Super Tax} Excess profits Tax, Depreciation or otherwise or carry any amounts to any Reserve Funds, Sinking Fund, Provident Fund, Charity ~~and amounts to any Reserve Funds~~, Fund or otherwise before paying the said remunerations and commissions to the Managing Agents.

3. The said Firm hereby Covenant and agree with the said Company that they will during the said term be, ^{d act} ~~as~~ Managing Agents of the said Company for the remuneration and commission hereinbefore mentioned and upon and subject to the terms and conditions contained in the Articles of Association, of the said company No. 96 to 106 and 160 and also upon and subject to the terms and conditions herein contained and will use their best endeavours to promote the interest and business of the said Company and will not divulge or make known any of the secrets or affairs thereof.

4. Subject to the control and supervision of the Directors, the said Firm shall have general conduct and Management of the business and affairs of the Company and shall have power on behalf of the company to acquire by purchase or hire or otherwise, lands, ~~tenements~~, buildings, sites, and to erect, maintain, alter and extend the buildings

warehouses, etc., in the Mysore State (in particular) and in such other places as they deem fit and to advance on such properties or to negotiate mortgage on the properties belonging to the Company or to sell any portion thereof either on credit or for cash and execute such other documents as may be necessary to expedite the matters and to become parties to, and where necessary to cause to be registered, all deeds, agreements, contracts, receipts and other documents and to insure the property of the company for such purposes and to such extent and in such manner as they may think proper, and to institute, conduct, defend, compromise, refer to Arbitration or abandon legal and other proceedings, claims and disputes in which the Company is concerned and to appoint and to employ, discharge reemploy or replace managers, engineers, commission agents, brokers, clerks, supervisors, sub-agents, workmen, and other officers and servants with such powers and duties and upon such terms as to duration of office, remuneration, or otherwise as they may think fit, and to draw, accept, endorse, negotiate and sell Bills of Exchange and Hundies with or without security and to demand, ~~xx~~ recover receive and give receipts for all monies payable or to be received by the company and to draw cheques against the moneys of the Company and to operate on any banking account of the company, and generally to make all such arrangements and to do all such acts and things of behalf of the Company, its successors and assigns as may be necessary or expedient.

5. The said Firm shall have charge and custody of all the property, books of account, papers, documents and effects, belonging to the said Company wheresoever situate and being.

6. The said firm shall keep proper and complete books of account of the dealings and working of the said company and shall prepare and keep or cause to be prepared and kept therein complete accounts of all purchases and sales and of all receipts and disbursements made, received and paid

by the Firm for and on behalf of the said Company and the said Firm shall also prepare and keep or cause to be prepared and kept such further and other accounts as the said company or the Directors shall from time to time direct.

7. The Firm shall be at liberty to retain, reimburse and pay themselves out of the moneys of the said company all the preliminary charges and expenses legal or otherwise, of ~~the~~ ^{and} incidental to the formation of the said company and all salaries and wages of the servants or workmen and all moneys from time to time expended by them or on behalf of the said company and all sums due to the Firm or otherwise.

8. Two of the members of the said Firm of the Managing Agents shall be the Ex-Officia Directors of the Company at all times, either by turn or by rotation, or by resignation in favour of other partners or partner or otherwise.

9. It shall be lawful for the said Firm to assign the whole or any portion of their interest as aforesaid without thereby in any way affecting their appointments as such Managing Agents as aforesaid and upon such assignment being made and notified to the said Company, the company shall be bound to recognise the assignee or assignees of the said Firm as the newly constituted Firm as the Managing Agents of the said company in like manner as if the name of the assignee or assignees had appeared in these presents in lieu of the said Firm and as if such assignee or assignees had entered into this agreement with the said Company and the said company shall forthwith upon demand by the said Firm or its assignee or assignees, ^{enter} ~~either~~ into an agreement with such assignee or assignees and with like powers and authorities, remunerations and emoluments and subject to the like terms and conditions as are herein contained.

10. It shall be lawful for the said Firm to assign the whole or any portion of their interests as afore said, without

without thereby in any way affecting their appointment as such Managing Agents as aforesaid.

11. It shall be lawful for any member of the said firm to assign the whole or any portion of his interest or ~~or~~ earnings in the said Firm or to withdraw from the said Firm altogether without thereby in any way affecting the appointment of the said Firm as such Managing Agents as aforesaid.

12. It is hereby expressly agreed and declared that if at any time the said Firm shall be constituted differently from what it is at the date of these presents and the appointment of the said Firm as such Managing Agents as aforesaid hereby made, shall be held or construed not to be valid in law by reason of some one or all of the partners thereof not having been partners ~~at~~ the date of these presents and not having executed the same or otherwise, then in such case these presents shall nevertheless be construed and taken as amounting to an Agreement between the said Company of the one part and the present members of the said Firm of the other part, that the company, its successors and assigns shall appoint the Firm so differently constituted as aforesaid to be the Managing Agents of the Company, its successors and assigns with like powers and authorities, remuneration and emoluments and subject to the like terms and conditions as are here~~in~~ contained.

13. In the event of the said company being wound up at any time for the purpose of transferring ~~xx~~ its business to another Company, the said Company, shall make it one of the terms and stipulations of their Agreement for the transfer of their property and business to such other Company as aforesaid that such other company shall appoint the said Firm (of whatever member or members it may at the time of such sale or transfe~~r~~ as aforesaid consist) to be the Managing Agents of such new company and with the like powers and authorities to the said Firm on the said terms and conditions as to the remunerations,

emoluments and otherwise as are herein contained. It is hereby expressly agreed and declared that save and except with such conditions and stipulations as one of the terms of the sale and transfer thereof the said company will not sell and transfer their business to any other company.

14. In the event of the said company being wound up either voluntarily or by and under the directions of the ~~Government~~ Court or under the supervision of the Court or for any reason the said Firm ceases to be the Managing Agents of the Company, the said Firm shall receive from the said Company or the Liquidators thereof as compensation for the loss of their emolument as such Managing Agents as aforesaid a sum of money equal to five times the remuneration and commission earned by the said firm as such Managing Agents as aforesaid for the year preceding the Resolution or Order (as the case may be) for the winding up of the Company provided, however, that this Clause shall not apply in the event of the company being wound up, with the object of transferring its business to any other Company. If the Company has worked for less than two years, then the amount of compensation shall be sixty times the average monthly commission and remuneration earned. The Firm of the Managing agents shall have a first lien on the Company's Profits and assets until all their claims are fully paid.

15. Nothing herein contained shall prevent the said Firm from acting as Managing Agents of other Joint-Stock Companies or Firms or individuals or otherwise or from doing any other business or trade or otherwise.

16. If at any time any dispute, difference or question or otherwise shall arise between the company and the said firm of the Managing Agents touching any terms of this Agreement or the construction, meaning or effect of these presents or

or anything herein contained or the rights privileges and liabilities of the parties here to under these presents or otherwise in relation to the premises, then every such dispute, difference or question shall be referred to two Arbitrators, one to be appointed by each party, or their Umpire, pursuant to the Arbitration Act of Mysore or British India or any Statutory Modification or Reenactment thereof for the time being in force in that behalf.

IN WITNESS WHEREOF THE Common Seal of the said "THE MYSORE INSURANCE COMPANY, LIMITED" has been hereunto duly affixed in the presence of two Directors of the said Company and the signatures of the said Messrs. J.V. Doddaveerappa, B. Prabhakara Rao, B.A., and D.K. Pillanna as constituting the said Firm of Messrs. Kanteerava & Co., have been hereunto set and subscribed the day and the year first above written.

The Common Seal of the Mysore Insurance Company Limited, was hereunto affixed pursuant to the Resolution of the Board of Directors of the Company passed at a meeting of the Board held on the 15th day of February 1934, in the presence of two of the Directors of the Company.
viz. (Sd.) R. Kalyanamma,
" P. Sivashankar,

Directors.

Signed, Sealed and Delivered by Messrs.

(Sd.) B. Prabhakara Rao,
" V. Venkatappa,
" J.V. Doddaveerappa
" P. Shivashankar,
" R. Kalyanamma,
" S.M. Nanjundappa.

Directors of the Company,

in the presence of to the said

J.V. Doddaveerappa, B. Prabhakara Rao, B.A., and D.K. Pillanna as constituting the said Firm of Kanteerava & Co.

(Sd.) J.V. Doddaveerappa,
" B. Prabhakara Rao,
" D.K. Pillanna.

Signed, Sealed and delivered by Messrs.
J.V.Doddaveerappa, B.Prabhakara Rao,B.A.,
and D.K.Pillanna, constituting the ~~the~~ said
Firm of Kanteerava & Co., Managing Agents
of the Mysore Insurance Company, Limited,
in the presence of Messrs.

(Sd.) B.Prabhakara Rao.,
" V.Venkatappa,
" J.V.Doddaveerappa,
" R.Kalyanamma,
" P.Sivashankar,
" S.M.Nanjundappa,

Directors of the Mysore Insurance Comr
Limited,

Attested by

(Sd.) M.P.Somasekhara Rao,
Advocate,
Bangalore City.

(Sd.) H.V.Narayana Rao
Advocate.

Statement of remunerations received by Messrs. Kanteerava & Co, Managing Agents,
The Mysore Insurance Co., Ltd., Bangalore, for the twelve months ending 31st December 1937.
(from 1st Jan. '37 to 31st Dec. '37.)

Sl.No.	Particulars.	Amount drawn by Managing Agents as Allowance as per Agreement.	Amount drawn by Managing Agents towards Commission on gross premium collections as per Agreement.	Salary drawn for active Ser- vice of Mr. J.V. Doddaveerappa, Managing Agent, as General Manager of the M.I.Co., Ltd.	Salary drawn for active service of Mr. D.K. Pillanna, Managing Agent as per Agreement.	Total
1.	Salary for active Service by Mr. J.V.Doddaveerappa, Senior partner, Managing Agency Firm as General Manager for the 12 months in 1937.			1,954 0 0		1,954 0 0
	Salary for active service by Mr.D.K. Pillanna, partner, Managing Agency Firm for the 12 months in 1937.					1 627 11 9
3.	Allowances drawn by Managing Agents for the 12 months in 1937 @ Rs.300/- per month as per Agreement.	3,600 0 0				3,600 0 0
4.	Commissions drawn by Managing Agents during 1936 on Gross premium collections during 1936 @ 6% as per Agreement.		2,607 3 4			2,607 3 4
		3,600 0 0	2,607 3 4	1,954 0 0	1,627 11 9	Rs. 9,788 15 1

For, The Mysore Insurance Co., Ltd.

J.V. of Mura
GENERAL MANAGER

		(inner column)		
		For the year	For the year	For the year
		1934.	1935.	1936
To Insurance Fund as at 1st January	..	..	..	..
To Premiums.	..	..	..	..
First Year's Premium.	..	..	..	33509 5 0
Renewal Premiums.	..	..	..	21690 8 0
To Interest.	..	..	..	..
To Admission Fees.	..	..	..	..
To Alteration Fee.	..	..	..	..
To Annual Fees.	..	..	..	..
To Assignment Fee.	..	..	..	..
To Transfer Fee.	..	..	..	..
To Miscellaneous Receipts.	..	..	..	..

Y, LIMITED, BANGALORE.

s 1934; 1935; 1936.

For the year 1934.			For the year 1935.			For the year 1936.		
..			770	1	0 /	5299	8	3 /
3922	.1	0 /	28549	12	0 /			
..						55199	13	0 / 3
..			162	15	2 /	443	2	8 /
301	.0	0	1057	0	0	281	0	0 /
..			..			8	0	0 /
8	0	0	25	0	0			
..			..			6	0	0 /
..			..			65	8	0 /
93	9	0	111	4	0	20	11	6 /

Recheck

THE MYSORE INSURANCE C

Revenue Accounts for

			For the year			(inner column) For the Year		
			1934.			1935.		
By Claims.	..	..	..			..		
By Commissions.	..	..	..			..		
By Preliminary Expenses written off.	..	..	..			..		
By Medical Fees.	..	..	..			..		
<u>MANAGEMENT EXPENSES.</u>								
By Managing Agents' allowances.	..	..	879	9	6/	2100	0	0/
By Salaries.	..	..	1282	6	4-	6091	6	8/
By Directors', Auditor's & Legal Advisers' fees and allowances.	..	..	230	0	0	1055	0	0/
By Rents.	..	..	200	0	0	487	8	0/
By Advertisement Charges.	..	..	..			373	3	0/
By General Charges.	..	..	..			720	10	10/
By Policy Stamps.	..	..	7	2	0/	208	0	0/
By Receipt Stamps.	..	..	3	12	0/	19	5	0
By Printing and Stationery.	..	..	285	8	10/	1004	11	6
By Bank Charges.	..	..	6	2	0/	40	1	6
By Postage & Telegrams.	..	..	67	8	0/	669	4	9
By Interest.	..	..	12	8	0/	..		
By Interest on Security Deposits & Calls in Advance.	..	..	..			..		
By Organisation Expenses.	..	..	..			600	0	0/
By Depreciation on Furniture and Dead Stock.	..	..	..	0	0	..		
By Depreciation.	..	..	..			132	14	0/
By Reserve for Bad & Doubtful Debts.	..	..	..			..		

COMPANY, LIMITED, BANGALORE.
 the Years 1934; 1935; 1936.

For the year 1936.	For the year 1934.	For the year 1935.	For the year 1936.
..	..	129 10 0✓	914 9 0✓
..	540 .. 0 ⁴ ✓	8188 4 8✓	16,391 9 9✓
..	..	2000 0 0✓	..
..	..	1556 8 0✓	5,581 0 0✓

3600 0 0✓
 953 3 2✓
 584 9 0✓
 592 0 0✓
 183 12 0✓
 783 2 9✓
 202 4 0✓
 40 8 0✓
 001 11 6✓
 66 14 0✓
 258 0 6✓

..
 297 14 5✓
 ..

..
 01 5 0✓
 50 0 0✓

3014 8 8	13502 1 3	22,215✓ 4 4✓
770 1 0✓	5299 8 3✓	16,221 4 4✓
Total Rs. .. 4324 10 0✓	30676 0 2✓	61,323 11 5✓

THE MYSORE, I.
Balance Sheets

CAP

	For the year 1934.	For the year 1935.	
<u>Authorised Capital</u> :- Rs.100/- each.	1,00,000/- ✓	3,00,000/- ✓	2,00,000/- ✓
<u>Issued Capital</u> 2,00 shares of 100/- each.	..	2,00,000/- ✓	2,00,000/- ✓
<u>Subscribed Capital</u> shares Rs.100/-	67,500/- ✓	1,03,900/- ✓	1,40,000/- ✓
<u>Called and paid-up Capital</u> :-			
124 Shares of Rs.100/- each Rs.50/- per share called up.	6,200 0 0 ✓	6200 0 0 ✓	61,15
1,223 shares of Rs.100/- each Rs.50/- per share called up.	..	..	..
512 shares of Rs.100/- each Rs.40/- per share called up.	..	20480 0 0 ✓	..
72 shares of Rs.100/- each Rs.40/- per share called up.	..	..	2,88
85 shares of Rs.100/- each Rs.30/- per share called up.	2,550 0 0 ✓	..	..
117 shares of Rs.100/- each Rs.30/- per share called up.	..	3510 0 0 ✓	..
71 shares of Rs.100/- each Rs.30/- per share called up.	..	..	2,13
466 shares of Rs.100/- each Rs.20/- per share called up.	9,320 0 0 ✓	..	..
286 shares of Rs.100/- each Rs.20/- per share called up.	..	5,720 0 0 ✓	..
59 shares of Rs.100/- each Rs.20/- per share called up.	..	..	1,18
Less calls in arrears.	18,070 0 0 ✓	35910 0 0 ✓	67,34
	3,210 0 0 ✓	4400 0 0 ✓	12,91
Calls in advance on Shares.	..	..	..
Share Suspense.	..	..	..
Insurance Fund.	..	..	..
Bad & Doubtful Debts Reserve.	..	..	..
Claims outstanding.	..	..	..
<u>LIABILITIES</u> :-			
Commission & Medical fee outstanding.	471 5 11 ✓	3375 1 0	..
Security Deposits.	..	3050 0 0 ✓	..
Fixed Deposits.	..	..	..
For expenses.	693 0 0 ✓	375 9 0	..
For Sundry Finance.	596 6 0 ✓	1087 10 11 ✓	..
Deposits with Proposals.	..	..	..

ANCE COMPANY, LIMITED,
the years 1934; 1935; 1936.
AL & LIABILITIES.

the year 1936.	For the yea 1934.	For the year 1935.	For the year 1936.
-------------------	----------------------	-----------------------	-----------------------

000/-✓
000/-✓
500/-✓

0 0 ✓

0 0 ✓

0 0 ✓
0 0 ✓

14,860	✓	0	0	31,510	0	0	54,430	0	0	✓
..				11,400	11	0	1,360	0	0	✓
383	5	0	✓	744	8	0	832	11	8	✓
770	1	0	✓	5,299	8	3	16,221	.4	4	✓
..				..			250	0	0	✓
..				129 .10	0		1,000	0	0	✓

1,760	11	11	7,888	4	11	17,105	11	11	✓
17,774	1	11	46,972	10	2	17,915,199	11	11	✓

THE MYSORE INSURANCE CO. LTD.
Balance Sheets for
PROPERTY

		For the year 1934.	For the year 1935.	
Preliminary expenses.	..	..	3,000 0 0 ✓	60
Less Written off from Forfeited shares account.	..	..	2,400 0 0	60
Brokerage on Shares.	..	..	..	
<u>Furniture & Dead Stock:-</u>				
Furniture & Fixtures.	..	466 14 0 ✓	1,783 6 0 ✓	1,91
Typewriters & Dead Stock.	..	279 2 0 ✓	1,727 3 0 ✓	2,06
Library.	..	107 8 0 ✓	176 15 0 ✓	20
		853 8 0 ✓	3,687 8 0 ✓	4,18
Less Depreciation to-date	..	40 0 0 ✓	172 14 0 ✓	57
Books & Stationery in Stock.	..	..	..	
Premiums Outstanding.	..	..	..	
Agents' Balances:-	..	..	..	
(* of which Rs. 250/- considred doubtful)				
<u>Organisation Expenses.</u>				
Advertisement.	..	1,349 0 10 ✓	..	
Opening Ceremony & other charges.	..	492 14 9 ✓	..	
Travelling Expenses.	..	934 13 6 ✓	..	
Printing.	..	200 0 0 ✓	..	
Legal Charges.	..	50 0 0 ✓	..	
Postage.	..	200 0 0 ✓	..	
Organising Salaries.	..	1,500 0 0 ✓	..	
Organising allowance.	..	1,272 11 11 ✓	..	
Balance as at 1-1-35.	..	..	6,000 0 0 ✓	
Balance as at 1-1-1936.	..	..	..	12
Additions during the year.	..	..	6,310 15 6 ✓	8
<u>Cash on hand and with Bankers:-</u>				
Cash in Current Account with Bankers.	..	819 9 0 ✓	2,740 2 9 ✓	12
Fixed Deposits in Banks, (with accrued Inst.)	..	..	6,182 8 0 ✓	6
Stamps on hand.	..	52 14 0 ✓	27 12 0 ✓	
Cash on Hand.	..	1,406 11 5 ✓	2,491 7 7 ✓	1

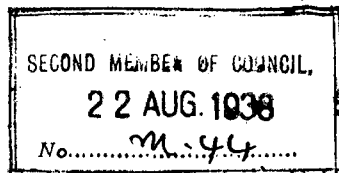
Expenditure

ID ASSETS.

[illegible]

Pandit K. Santanam

~~Changanacherry~~



The Lakshmi Insurance Co. Ltd

Lahore

Dated 16th August, 1938.

Dear Mr. Madhava Rau,

I have sent the enclosed representa-

tion to the Dewan. I was not quite sure as to who was

in charge of the Bill in Council though I have an idea

that it is yourself. I would very much like to have a

discussion about this matter when I come to Bangalore

and I hope we will have an occasion to discuss it. If

you can drop me a line I would be much obliged.

With kind regards,

Yours sincerely,

K. Santanam

N. Madhava Rau Esq.,
Member, Council of H.H. The Maharajah of Mysore,
Bangalore.

*The Secy with compliments
A draft reply may be
put up when the
letter arrives to the
Dewan is also needed
The Secy
22/8/38*

From

Pandit K. Santanam, Bar-at-Law,
General Manager, Lakshmi Insurance Co., Ltd.,
Post Box No.30, Lahore.

OFFICE

M. 309

To

Amin-ul-Mulk Sir Mirza M. Ismail, Kt., C.I.E., O.B.E.,
Dewan of Mysore,
Carlton House, Bangalore.

Dear Sir Mirza,

I hope you will pardon my taking up your valuable time in writing this letter to you personally regarding the proposed Insurance Legislation in the Mysore State. My reason for doing so is that a formal representation made by the Indian Life Assurance Offices Association consisting of over 40 of the leading Indian Companies sometime in the month of March last to the Secretary to the Government of Mysore does not seem to have received that consideration which its status in the Indian insurance world deserves. The Association after submitting a short Memorandum requested for an opportunity to be given to it for sending a deputation or submitting a detailed Memorandum before the Mysore Insurance Bill was proceeded with. This request does not seem to have been acceded to. The Select Committee which met sometime in May does make a mention of this Memorandum, which it says it has taken into consideration, before arriving at its conclusions but no further opportunity as prayed for was granted to the Indian Companies constituted outside the Mysore State to put their case fully before the Mysore Legislative Council or the Select Committee.

In this connection may I draw your attention to the procedure adopted by the Government of India before the Bill was drafted and placed before the Indian Legislature. A Special Officer was deputed to make his report and all insurance interests including Indian, Indian States, British, Colonial and Foreign interests were asked to submit Memorandums for his consideration and report. After this an Advisory Committee was constituted on which every interest was represented. The Senior Indian Offices, the Junior Indian Offices (that is, the Indian Offices constituted within the last few years and which were still in an infant stage), the British Offices and the Lloyds were all given representation. The Indian States had no special representatives certainly but that seems to have been due to two causes, namely, that the number of Offices constituted in Indian States were not more than two or three and secondly the interests of Indian Offices and the Offices constituted in Indian States were not supposed to be in any way antagonistic. This Advisory Committee met for fifteen

II Member

with Comptroller

for Mysore

disposed

20-8-38

For Secy with

Compliments, in

Care of another

letter from the

same gentleman sent

to you

Yours

27/8/38

days in November, 1936 and all points dealt with by the Special Officer were considered one by one and threshed out thoroughly. This Committee had also before it the benefit of the Report of the Clauson Committee, which was a committee appointed in England somewhere in the year 1926 to revise the Insurance Law in England. The Bill was then framed and placed before the Legislature. Even after this all the interests mentioned above were given an opportunity to send a report on the draft Bill to the Government before the Bill was referred to the Select Committee. Further the Select Committee itself was so constituted as to include representatives of all the different interests.

I had the honour to represent the Indian Life Assurance Offices Association on the Advisory Committee. Further during the stages of the Select Committee I was one of the persons deputed by the Indian Insurance Legislation Committee (a non-official body constituted in Bombay of all the principal Indian insurance companies, Life and General, to protect their interests) to go to Simla and lay our points of view before the Select Committee. I am, therefore, in a position to know the various difficulties that confronted the Government of India in framing the Bill and getting it through the Legislatures. I can assure you from my personal knowledge that an enormous amount of consideration was given to the conflicting claims of Indian as opposed to British, Colonial and Foreign interests. If the resultant Act is not very satisfactory from the Indian point of view still it is the best that we could achieve for ourselves at the present juncture.

I should also not omit to mention that during all the stages of the Bill one thing was kept in view namely that the Indian interests should be considered as a whole, that is to say, that no discrimination should be used against Indian States particularly. Wherever possible we tried to avoid the discrimination and if the Act as passed does not apply to Companies constituted in Indian States it was mostly because the Government of India was not competent or did not consider itself competent to legislate for such Companies. Even now I feel confident that the Government of India through its Insurance Department will do its very best to see that Companies constituted in Indian States do not suffer any disabilities and are not treated as alien Companies.

What I wish to draw your attention particularly at this stage is that in adopting the Indian model the Mysore State has omitted to give effect to one important consideration which had always been before the Indian Government, namely, giving a chance to all the interests that are likely to be affected to be heard in their defence. I am told that Sir Purshotamdas Thakurdas, who is the Chairman of the Oriental Government Security Life Assurance Co., Ltd., of Bombay had some correspondence with you on this subject and Mr. H. E. Jones, the Manager of the "Oriental" had also written a letter drawing your attention to some points of the proposed legislation and how they will affect Indian Companies in an un-necessarily harsh manner. It is regrettable, however, that no chance was given to the Indian Insurance Companies to make an effective

representation before your Government. This present letter of mine is written mainly with a view to enlist your good offices towards giving a chance to Indian Insurance Companies to lay their point of view clearly before your Government prior to the Legislation being passed finally by the Mysore Government. I am informed that the second reading of the Bill has been completed and it is likely to come up again somewhere in the month of October or November before the Mysore Legislative Council for being passed into an Act of the Legislature. Before this is done I wish that you would, if at all possible, give the required opportunity to the Indian Life Assurance Offices Association as representing the Indian interests to represent to you thoroughly how the proposed legislation would not be in the best interests of even Mysore not to say of the interests of the Indian Companies outside Mysore.

One of the main objects kept in view by the Indian Legislature was that the Indian insurance interests should be protected against the inroads and un-economic competition of Foreign Companies operating in India and who had gained a great foot-hold here. The provisions of Sec. 72 giving the Government of India the right to impose reciprocal disabilities on non-Indian Companies was incorporated with this special end in view. If the Mysore Government incorporates this provision in its own Act it will merely mean that it considers the Mysore interests as opposed to the interests of the rest of India. The Indian Act contemplates the possibility of all Foreign Companies retiring from India and the whole field being reserved for Indian Companies. By adopting the Act in toto as applicable to Mysore it would mean that the Mysore Government has got the very same object, namely, it wants to drive out all Foreign Companies whether Indian or non-Indian. I hope, however, your Government have not got this end in view. It, however, appears to me that this aspect has not been given sufficient attention to and the impression is that the Mysore Government does not really want to do it. Taking for granted that this is not the object I can confidently say that the proposed Bill in its present form will be highly unsuitable from whatever angle it may be considered. If all foreign companies are as a matter of fact shut out and the Mysore insurance reserved to Mysore Companies even then it would not be of real benefit to Mysore. The scope of insurance business in the State being so much restricted the law of averages on which life insurance and general insurance is based will not have sufficient scope to work itself out. Moreover an epidemic in a restricted locality would so increase the incidence of mortality that it will throw out of focus all calculations based on known mortality tables. The income to the State from taxation, not only from the registration of the Companies but even proportionate Income Tax that is paid will be lost. There would not be a compensating advantage to the State.

Considering all these aspects I wish to impress it upon you very strongly that a chance should be given to the Indian Life Assurance Offices Association to lay their case before you. If after due consideration you arrive at a conclusion which you think is in the best interests of the State we can have no legitimate cause for complaint. But at present we, meaning

thereby all of us who are intimately concerned with insurance business in India constituted outside Mysore State, feel that we are not having a fair deal and that the Legislation is being rushed through without due regard to our legitimate interests. The present Bill would result in most of the Companies, Indian or non-Indian, retiring from doing business in the State as some of the clauses are so onerous that it would not pay them to carry on business in the State.

I am likely to come down to Bangalore in the month of September. It would give me very great pleasure indeed if I can talk this matter over with you personally provided of course you can give me an interview. May I hope that it would be possible for you to spare some time to talk this matter over when I come to Bangalore?

Yours sincerely,

K. S. Santanam

Do H/1282
30/8/38
A. N. RAGHAVACHAR, Esq., M. A.,
Ag. Financial Secretary to Government.

FINANCIAL SECRETARIAT,

Bangalore, 27th August 1938.

Dear Mr. Santanam,

With reference to your D.O. letter dated the 16th August 1938 addressed to the Second Member of Council and to the one addressed to the Dewan, I am desirous to state that ~~the~~ the Second Member will be glad to meet you when you go over to Bangalore during September and to discuss the questions raised in connection with the draft Insurance Bill.

WH-)

Yours sincerely,

ASD
30/8/38

Pandit K. Santanam, Esq.,
The Lakshmi Insurance Co., Ltd.,
L a h o r e.

SUBJECT.....

Section

File No.

Serial No.

Diary No. of letter replied to.....

D.O. No.

71/282

To

Dear Pandit Santanam,

General and Revenue Secretariat

the

Date of issue.....

30/8/38

Signed by

Mr. A. V. M.

letter

With refce to your DO
addressed to the second
of 15.8.38 addressed to the

Member of Council and to the one

addressed to the Secretary, I am
desiring to state that theSecond member will be very
glad to meet
pleased to see you when you

to Bagalpur on 23rd Sept.

go over here and discuss the

details of the draft Insurance Bill

Yours Sincerely

23.8.38

24/8/38

Pandit K. Santanam

List of enclosures.....

Copied by

Examined by.....

With reference to your personal discussion with the Second Member of Council to-day, about the new Mysore Insurance bill, for information I am desired to forward herewith a copy of the Mysore Insurance bill, as amended by the Select Committee, and to state that *Govt will be glad to consider* any ^{further} representations or suggestions which may be received from the Indian Life Assurance offices association ~~will~~ ^{be} ~~considered~~ *taken into consideration*

FINANCIAL
1 NOV. 38
1462
The CENTRAL
GOVT. OF MYSORE
FINANCIAL SECRETARY
31 OCT 1938

Indian Life Assurance Offices Association.

OFFICE SECOND MEMBER 31 OCT. 1938 No. M. 117
--

From

Lakshmi Building
Sir Phirozeshah Mehta Road, Fort
BOMBAY, 27th October 1938

Keshavprasad C. Desai Esqr, B.A., LL.B.

Honorary Secretary

To

The Second Member of Council,
B a n g a l o r e.

Sir,

Re: Mysore Insurance Bill.

In continuation of our letter dated the 14th September 1938 in reply to yours of the 10th September last I have to express the thanks of my Association to the Government of - H.H. Maharaja of Mysore for being allowed another opportunity to submit its views on the Mysore Insurance Bill.

Before submitting the views of my Association on the various clauses affecting the working of non-Mysore Companies in the Mysore territories I am desired by my Association to draw the attention of His Highness's Government to the fact that the Mysore Insurance Bill is not the result of any deliberate and pointed enquiry into the necessities of having such a Bill introduced, nor is it the result of any discussions with the interests concerned namely the Insurance Companies and the Policyholders etc. My Association submits that such preliminaries would have been very advantageous to all parties concerned. As you are aware the Government of India made thorough enquiries and went through all the preliminary process before framing the Indian Insurance Bill. My Association was given a representation on the Advisory Committee for the Insurance Legislation, appointed by the Government of India.

My Association humbly submits that the position regarding insurance business in the Mysore State is quite different from the position that prevailed and still prevails in British

*For Secy with compliments
this may be acknowledged
and a note put up on
the points coming within para
of summary on page 5
31/10/38
31.10.38
1.11.38*

India. The problem in British India was mainly the position of Insurance Companies other than those doing Life Insurance business that is to say the General Insurance Companies. In British India the Life Insurance Companies already had the Life Insurance Act of 1912 while in the Mysore State there has never been such an act. The Act of 1912 was introduced in British India when there were comparatively fewer companies working in British India and the business available also was comparatively very small.

My Association submits that so far as Life Insurance business is concerned the position of insurance business in the Mysore State today can very well be compared with the position that existed in British India in 1912. There is therefore no need of an elaborate insurance legislation in the Mysore State as depicted in the Bill before the legislature there, but in the opinion of my Association such a need would have been satisfied by a small Bill on the lines of the Indian Life ~~As~~ Insurance Act of 1912. The Government of Burma have done so.

The objects of the Mysore Insurance Legislature are presumably to regulate the insurance business in the State and to ensure the protection of the policyholders in the State. My Association submits that if an enquiry was made as was done in British India it would have been found that the policyholders in the Mysore State would not have suffered in any way by the working of non-Mysore Companies there. The non-Mysore Companies and particularly the companies established in British India have done their best to serve the people of Mysore and to render insurance service to your subjects economically. These companies will now be further regulated by the Indian Insurance Act of 1938 which has got stringent provisions about Deposits, investments, returns and supervision. They need not therefore fear that in the absence of any legislation in the Mysore State there will be companies of doubtful working which would jeopardise the welfare of the policyholders in Mysore.

My Association further submits that so far as the safety of the policyholders is concerned the Indian Insurance Act has made no distinction between the policyholders residing in British India and

the policyholders residing in Indian States. In fact there has been very little discrimination between the companies established in British India and those established in Indian States while the same cannot be said about the provisions of the Mysore Bill.

Coming now to the provisions contained in the Bill we beg to submit that the requirements under Clause (7) of the Mysore Bill, ~~are out of the Mysore Bill~~, are out of proportion to the business available in the Mysore territories. The Indian Insurance Act has the same deposits but the area covered is far too large than the area under the Mysore State. My Association submits that for the safety of the policyholders in Mysore the deposits should be required in the same way as were required under the Indian Life Assurance Act of 1912.

Regarding the provisions under clauses 11 to 15 my Association submits that the same would be very hard on non-Mysore Companies. Separate Revenue Account and separate Valuation of the business done in the Mysore territories will be of no practical avail to the State while it will throw a great financial burden on non-Mysore Companies. This burden is such as to make it almost impossible for British Indian Companies to continue to render insurance service to the Mysore State. The cost of maintaining separate Books for the purposes of these clauses as well as for the purposes of clause 64 of the Act would be out of proportion to the Insurance profits expected from the State. My Association however appreciates that the State might require separate figures for the business done within the State. For this purpose a form of returns could be prepared and the companies working in the State may be required to fill up such a form every year, without requiring them to file separate revenue account and valuation report. My Association also appreciates that for the purposes of assessing income tax payable by a life insurance company working in the State some system of returns is necessary. For this purpose my Association submits that the separate valuation is not the only method. Perhaps a separate valuation will show a much decreased surplus or even no surplus for years to come because of the small area of the State. The Overhead expenses of such an area would be comparatively very heavy and the whole thing may result in the companies not being liable to be assessed at all. For the purposes of income tax assessment, some

agreed formula can be very easily arrived at.

Regarding clause No. 27 my Association submits that such stringent requirements regarding investments are not necessary. Reading this clause with the corresponding section of the British Indian Act, will show that the Mysore Companies working in British India as well as British Indian Companies working in Mysore shall have to make investments of reserves against liabilities in the Mysore State both in British India as well as in Mysore. Such a position is inequitable. This requirement should be removed from the Bill. If that is not possible the difficulty may be solved to a certain extent if the Mysore Bill removes the distinction in this connection between Mysore and non-Mysore Companies and reduces the investments to 55% for both types of companies.

Regarding the method of investments my Association would submit that the State should take into consideration similar requirements under the Canadian Act and permit similar investments and also permit the investments in securities permitted under the Indian Trust Act as well as investments in buildings, and certain common and preference stock of industrial concerns. If this is not done industries would not be benefited from the large reserve funds of life assurance companies.

Regarding clause No. 64 as already mentioned my Association submits that the Indian Companies should not be considered as foreign companies looking to the fact that their Head Offices are situated in British India and not very far from Mysore. It will always be open to have an inspection of the books of British Indian Companies by even the Mysore Policyholders with a comparatively small trouble. The British Indian Act provides for the supply of copies of certain documents to all policyholders. This facility would be available to the Mysore Policyholders also. My Association therefore submits that the British Indian Companies should not be required to file and maintain documents and books required under clauses 63 and 64.

I beg to submit that in order to grant better facilities to the companies established both in Mysore and in British India it is absolutely necessary that the powers of exemption reserved under clause 116 should be very much widened and should include such powers with regard to any and every clause in the Bill, more particularly with regard to clauses 7, 11 to 16, 27, 63 & 64.

To summarise my Association approaches His Highnesses Government with the following prayers:

1. that the further consideration of the Bill should be postponed.
2. that a Committee of Enquiry should be set up to consider what sort of insurance Bill would be beneficial to the policyholders in the State.
3. failing such a Committee a Bill drawn on the lines of the Indian Life Assurance Companies Act of 1912 may be framed.
4. failing that, a drastic change may be made in the Bill in the manner suggested above by my Association.

My Association finally submits that even though a full enquiry is not set up a Conference between the various interests may be called in which Conference my Association representing almost all the leading British Indian Insurance Companies, will render all possible assistance to the State. Such a Conference may be advantageous to all only after the rules under the British Indian Insurance Act of 1938 are framed so that the Conference may have the advantage of considering the full implications of the various sections of that Act. The Government of Mysore may also consider the possibility of postponing the Bill till the advent of the Federation according to the Government of India Act, as in that case Insurance being a Federal Subject, the Indian Insurance Act of 1938 may be applicable to all the Indian States.

I trust the Government of Mysore will give a sympathetic consideration to this Representation.

I have the honour to be,
Sir,
Your most obedient servant,

K. Desai

HONORARY SECRETARY.

THE INSURANCE LEGISLATION JOINT COMMITTEE.

Royal Exchange,
Calcutta, 22nd December 1938.

No. 126-J.L.

From

The Secretary,
Insurance Legislation Joint Committee,
Calcutta



The Chief Secretary,
The Government of H.H. The Maharaja of Mysore,
Bangalore,
Mysore

Sir,

Bill to regulate and control Insurance business
in Mysore State.

On behalf of the Insurance Legislation Joint Committee,
who have been looking after the interests as affected by
legislation, of Insurance Companies incorporated outside India,
I am directed to address you in connection with the Bill to
regulate and control Insurance business in Mysore State now
pending before the legislature.

The Bill follows closely the languages of the Indian
Insurance Act 1938 and it repeats, in respect of Insurance
business in the State of Mysore, important provisions of the
Indian Act relating, inter alia, to :-

Registration of all insurers operating in the
State and the filing of various documents in
connection therewith.

Deposits with the State Authorities of cash or
"approved" securities to the value of Rupees
200,000 for Life Assurance business, Rupees
150,000 for Fire Insurance business and Rupees
150,000 for Accident Insurance business, the
aggregate deposit for combinations in three
classes of business being rather less than the
accumulation of the foregoing sums.

Annual filing of detailed accounts in a prescribed form, the business being divided in the case of insurers, other than insurers incorporated in the State, between business in the State and business out of the State.

Separation of Funds in respect of Life business in the State and separate Life valuations and returns.

Compulsory investment in respect of Life liabilities that is to say, in the case of (a) insurers incorporated or domiciled in Mysore to the extent of 25 % of such Life liabilities in Mysore Government securities and 30 % in other "approved" securities and (b) other insurers to the extent of 33rd% in Mysore Government securities and 66th% in other "approved" securities.

Restrictions upon payment of commission to Agents for business solicited or procured, prohibition of rebates of commission or premium by an insurer or his agent to an insured, and the licensing of Agents by the Government.

The setting up of an Insurance Department, charged with the onerous task of administration and supervision and vested with authority to undertake the comprehensive responsibilities and duties of the Department.

My Committee welcome the move for standardization of insurance practice and law throughout the country and it feels that this alone must have prompted the framers of the Mysore Bill to follow so completely the Insurance Act recently enacted in British India. It is submitted, however, that while the British Indian Act may serve as a good model, it may not be desirable to copy it clause for clause.

The volume of business transacted in the State of Mysore written by Insurance Companies incorporated outside the State is of necessity a very small proportion of their business as compared with British India, and is transacted in order to complete their service to the public of the whole of India. It is, therefore, felt that some of the detailed provisions which appear in the Indian Act are not necessary in respect of these Companies; to give a few instances, it is felt that a Registration fee of Rs 100/-, a deposit of Rs 2,00,000/- combined with a restriction as to investments and the elaborate annual and periodical valuation statements which require to be furnished, work as a great hardship to Insurers operating in the State.

In particular, my Committee submit that the setting up of an Insurance Department, and the appointment of an Insurance Superintendent, to control the working of the Act, would call for an organisation, the expense of which would be most burdensome for the State, and which, having regard to the extent of the Insurance business transacted, could not be justified. On the other hand, on behalf of the Companies, my Committee holds the strong view that the scale of deposits under the Bill is excessive. Many insurers would doubtless not feel justified in locking up such considerable sums on deposit and they would have no alternative but to relinquish their existing business in the State. Whilst, therefore, the purpose of Governmental deposits, as a matter of general principle, is primarily to discourage the promotion and operation of insurers of inadequate financial standing, the probable effect in this respect of the Mysore Bill would be to deprive many insurers of indisputable financial status of the business and goodwill they have developed previously in the State.

So far as the compulsory investment of Life Funds is concerned, I am advised that insurers would find it impracticable, as a matter of normal business, to comply with the Bill inasmuch as the Indian Act already legislates for such compulsory investment in Indian and other securities in respect of Life business transacted throughout the whole of India (including the States). The Mysore Bill now seeks to duplicate this requirement by legislating for corresponding investment in respect of that part of the total Indian Life business as is transacted in the State of Mysore.

It is noted, however, that there are reciprocal exempting clauses in the Indian Act and the Mysore Bill and that the Indian Act reserves to the Central Government the right to exempt insurers incorporated or domiciled in an Indian State from the provisions of the Act relating to deposits and to compulsory investment for account of Life Funds

The Mysore Bill contains a corresponding Clause reserving to the State Government the right to exempt insurers incorporated or domiciled in British India or in an Indian State

from the similar provisions of the Mysore Bill relating to deposits and to compulsory investment for Life Funds.

Whilst the evident intention of these reciprocal Clauses is to avoid duplication of requirements relating to deposits and compulsory investment, the operation of the Clauses would merely relieve insurers incorporated or domiciled in British India or the State. Other insurers would be placed under heavy disabilities. Such a state of affairs might reluctantly compel a number of first class Insurance companies to withdraw from the State and the good work of making the public insurance-minded may be thus retarded.

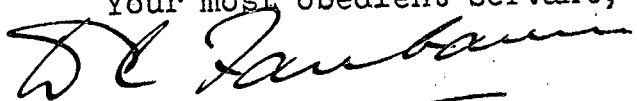
I am to emphasise that while my Committee welcome a stricter control of Insurance Companies for the safety of policyholders, it is not in favour of legislation being passed which would have the effect of compelling Companies to maintain a number of elaborate accounts combined with a restriction as to investments and making profits for what must, in most cases, be a small amount of business. It is submitted that the Indian Insurance Act 1938, gives every protection to the policyholder who effects a policy with a Company in Mysore whether that Company be an indigenous one or not. It is therefore submitted that if the Bill is proceeded with, any Insurer who has complied with the requirements of the Insurance Act 1938 in British India should be exempted from the operation of Sections regarding Deposits, Returns and Statements to be filed, Investments, and the keeping of certain books etc., and it is suggested that Section 110 of the Bill might be suitably amended to allow for this.

My Committee confidently hope that, without in any way affecting the effectiveness of the Bill so far as the protection of policyholders is concerned, it will be found possible to afford the relief for which my Association pray.

I have the honour to be,

Sir,

Your most obedient servant,



Secretary.



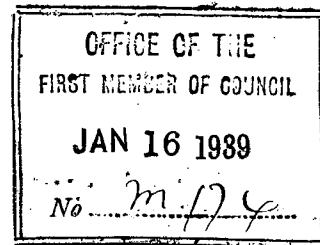
The Indian Life Assurance Offices Association.

Lakshmi Building
Sir Phirozeshah Mehta Road, Fort
11th January
BOMBAY, 1939

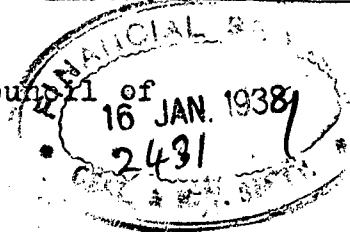
From

Keshavprasad C. Desai Esqr B.A., LL.B.

Honorary Secretary



N. Madhava Rao Esq.,
First Member of the Executive Council of
H.H. The Maharaja of Mysore,
B A N G A L O R E.



Dear Sir,

Pandit Santanam has communicated to us the gist of the interview he had with you recently, with regard to the Mysore Insurance Bill. Our representation has already been sent to you on the 27th October 1938. We will now address ourselves to placing before you the specific amendments that should be made in the bill to carry out our object. We would suggest that

In Section 116 of the Bill, delete all the words following the words "from the provisions of" and substitute the following:-

"any and every clause in the Bill either absolutely or subject to such conditions or modifications as may be specified in the notification".

We beg to submit that by keeping such wide powers in your hands, the Mysore Government loses nothing but only reserves to itself powers to take the best steps available under any peculiar circumstances that may arise without having to resort to the Legislature for special powers or for an amendment of the Act. If these words will be considered too sweeping or would not be agreed to by the Legislature, the following amendment may be got passed so that the amended Section 116 will read as follows:-

"The Government may by notification in the ^{official} final Gazette, exempt any Insurer, constituted, incorporated, or domiciled in another Indian State or in British India, from the provisions of

Section 7 relating to Deposits or sections 11 to 16 or from the provisions of sub-section 2 of Section 27 or of Sections 63 and 64 either absolutely or subject to such conditions or modifications as may be specified in the notification.

Regarding the question of separate valuation for the Mysore Policies taken with any British Indian Company, we beg to submit that such a valuation while causing a lot of trouble and expense to the companies might not be of real benefit to the Mysore Policyholders. The Separate valuation is meant mainly for the purpose of ascertaining the reserves necessary to be kept in Mysore. This object can be achieved by ruling that "the reserve for Mysore Policyholders would be such a sum as would bear the same ratio to the total reserves of the Company that the premium income from Mysore bears to the total premium income of the Company". This is only a rough and ready method and is merely an approximation. We however, feel that the resultant advantage both to the Mysore Government and to the Companies would justify us in overlooking the advice of the Actuaries, who are sometimes too meticulous in their objections. As this can be done by rules, we are not suggesting any amendment to any Section in the Act beyond suggesting the amendment to Section 116, by which powers are reserved to the Government to make rules.

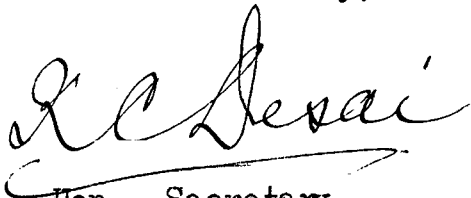
As desired by Pt. K. Santanam, we are herewith enclosing a copy of the Representation that we made to the Government of India regarding the amendment to rules that have been published and also to some of the Sections in the Act itself. The Superintendent of Insurance came to Bombay and discussed these points one by one with us for nearly seven hours. We are glad to say that he has accepted most of our suggestions ^(Copy enclosed) regarding the rules. Regarding the amendment to the Act, he has agreed with us in principle that what we have suggested ^(Copy enclosed) are quite reasonable though he felt that it is not possible to get some of the points given effect to by amendment to the Act at this stage. There is no reason why the Mysore Government should

not go one better than the Government of India and give effect to these suggestions in their own Act if they appear to them reasonable and just. We are aware that the final reading comes off on the 25th January 1939 but if you think that these points deserve consideration we are willing to depute one of us to come and discuss these points in greater detail.

We beg to remain,

Sir,

Yours faithfully,


Hon. Secretary

Enclosures.

1. Representation to the Government of India re: Rules
2. Points discussed with the Superintendent of Insurance re: Rules.
3. Suggestions made to
ry amendments to the Act.

MEMORANDUM ON THE DRAFT INSURANCE ACT RULES

Submitted to the Government of India

By

THE INDIAN LIFE ASSURANCE OFFICES ASSOCIATION

Rule 4:

Section 114(1)(b) empowers the Central Government to prescribe the manner in which it shall be determined for the purposes of the Insurance Act, 1938 what is Insurance business transacted in British India.

Our Committee are of opinion that a clear definition as to what will constitute Insurance business in India would be more helpful than what is provided under Rule 4(1)(a) & (b). This Rule will enable insurers not domiciled or constituted in British India to issue policies in British India on lives even permanently residing in British India provided they (insurers) do not transact such business through an agent or other representative employed in British India. In practice the effect of this Rule will be that insurers not wishing to come under the operation of the Insurance Act may have Offices or Agencies in any of the 600 States in India and transact business by correspondence or through advertisements so long as they do not employ men in British India to transact such business for them. We do not think that the spirit of the Act permits this for the simple reason insurance business in British India may be transacted by insurers without coming under the scope of the Act. Section 3 of the Act says that no insurer shall carry on Insurance business in British India unless he obtains a certificate of registration. Under Section 103 (1) any insurer who transacts business in contravention of Sections 3, 6, 7, 97 or 98 commits an offence punishable with fine. Section 103 (2) says that any person knowingly taking out a policy with such an insurer is also guilty of an offence under sub-sec. (1). Further, Sections 11 & 13 require every insurer to prepare and file accounts, balance sheet, actuarial report etc. It was not contemplated by the Act that a large volume of insurance business should escape this statutory control and scrutiny.

In our opinion the definition of Insurance business transacted in British India should be in the following terms:-

"A Contract of Insurance shall be considered to constitute insurance business transacted in British India if an insurer:

- (a) solicits or inspects any risk, or
- (b) issues or delivers any receipt or policy of insurance, or

- (c) grants in consideration of any premium or payment of any annuity on a life or lives, or
- (d) collects or receives any premiums, or
- (e) advertises for or carries on any business of insurance, or
- (f) prosecutes or maintains any suit, action or proceeding, or files any claims in insolvency relating to the business of insurance in British India."

If for any reason Government are unable to accept the above change, then this rule may be at least altered as follows:-

"A contract of insurance shall not be considered to constitute insurance business transacted in British India unless:

- a) the assured is residing in British India at the time of the contract, or
- b) if the insurer has his principal place of business or domicile outside British India, the contract is effected through solicitation by mail or through advertisement in British India or through an insurance agent or other person residing in British India

As regards Rule 4 (2) we submit that the words "or which have been effected outside British India after the commencement of the Act" occurring in lines 8 & 9 be deleted.

Rule 11.

Section 16 of the Act is one of the provisions made with the object of controlling unequal competition between indigenous companies and foreign companies. It was alleged that foreign companies could spend lavishly in securing a footing in India at the cost of Indian Insurance offices by bringing large sums of money from outside India out of their huge resources in the country of their origin. The declaration contemplated by Section 16 (2) (d) was therefore intended to serve as a check on such methods of competition. The Rule as framed however fails to carry out the object of the Section. It is necessary that the actual sums brought from outside should be declared to enable a fair estimate to be made of the working in India of insurers obtaining funds from outside India.

Our Committee therefore suggest that in Form V the words "such sums as properly appertain" in lines 5 & 6 be changed to "a sum of Rs.....appertaining"; the words "except such sums as properly appertain to the capital account" in lines 9 & 10 should then be

The form as amended will then read as under:

"It is hereby certified that all amounts received directly or indirectly at credit of the revenue account in respect of business transacted in India referred to in clause (b) of sub-section 2 of section 16 of the Act whether from the head office of the insurer or from any other source outside India, have been shown in the afore-mentioned revenue account except a sum of Rs..... appertaining to the capital account, and it is further certified that all expenditure including claims attributable to business in India, met during the year in question from sources arising outside India, has been shown in the said revenue account."

Rule 12:

It is not understood what is exactly meant by the term "essential conditions" in sub-rule (a). The word "essential" would appear to leave the door open to litigation as it is open to be argued that only those conditions go to the root of the matter and the rest are merely ancillary to the contract. Our Committee suggest that the purpose of the rule would be fully served by substituting the word "principal" or "main" for the word "essential"

Rule 13:

Our Committee are of the opinion that it may be impossible for all documents forming the basis of the contract to contain matters referred to in clauses (a) (b) & (c) of Rule 12. The words "other document" include personal statements and declarations regarding health and age. Even ordinary letters by a proponent containing a statement about the health and habits of himself or his family form part of the basis of the contract of insurance. Our Committee feel that in the absence of a definite statement as to what matters shall be reproduced in the proposal form it is not possible to express an opinion how far it is practicable to do so. At any rate the deletion of the words "or other document" seems to be absolutely necessary. It should be enough if only the Proposal form is mentioned.

Rule 14:

As it is possible that other classes of policies may be issued by a company besides whole life or endowment insurance policies our Committee suggest that provision should be made for other classes of insurance also in this Rule. This may be done by adding the words "or any combination of the two"

As regards Rule 14 (1) (b) our Committee have more than once pointed out that a Director elected by the Policy-holders should not himself feel or be made to feel any difference between him and

the other Directors on the Board of a company. In practice this can not be obtained unless either such a Director holds a status not very different to that of the other Directors or has a stake in the company fairly approaching theirs. As the former alternative can not be provided for it is imperative that this Rule should secure the latter. To this end our Committee strongly feel that the minimum qualification for a Director should be the holding of a Policy or Policies of the face value of at least Rs. 5,000/- otherwise than by assignment or other transfer. It should be the face value of the Policy which is in full force and the words "with Bonus" should

Rule 15:

To make the election practical so as not only to conduce to peaceful transaction of business but also to keep expenditure within reasonable limits, it is desirable that the minimum qualification for a voter should be fixed at his holding in his own right of one or more policies of life Insurance of the face value of at least Rs. 1,000/-. In the matter of numbers at least the policyholders are quite different from shareholders. When voting is to be in person it would be so difficult to identify hundreds of persons entitled to vote within the limits of time usually occupied by meetings. It is further necessary to provide that only those policyholders whose policies have been in force for not less than one year immediately before the date of meeting shall be eligible to vote.

As regards Rule 15(2) the provision made in the rules is bound to be very costly. The leading English Daily of Bombay charges Rs. 8/- per column inch per insertion. It is therefore necessary to make the advertisement matter short and to restrict insertions. It will be enough in the opinion of our Committee if the notice regarding the meeting of Policyholders is published in one English and in one newspaper in any Indian language circulating in the place where the principal office of the company is situated, and if there are Policyholders domiciled in a province other than that in which the principal office is situated, in one newspaper in a principal language of that province. It seems hardly necessary to republish the notice again, at a considerable cost.

As regards the contents of the notice, our Committee beg to suggest that so far as the qualifications of elected Directors and of voters are concerned, a provision may be made for insurers to state the information on the policy itself or by means of a slip to be attached to the Policy in addition to publishing the same in the Prospectus. Such a procedure will keep the qualifications of a Director or voter constantly before the eye of the Policyholders and will save a lot of expense to insurance companies by way of advertisement charges.

An option should also be given to insurers to give notice of meeting by post instead of by advertisement if they so choose to do. This will give relief to insurers not having a large number of policyholders.

It is also desirable that election for Policyholders' Directors should be held only once in two years instead of annually. If this is agreed to a suitable change will have to be made in Rule 16. This will save constant changes in the Directorate and will eliminate the ordeal of an election every year.

Our Committee take it that Rules 14 & 15 do not apply to Mutual Companies dealt with separately under the Act and in whose case all the Directors are elected by the Policyholders in accordance with their articles of Association.

The addition of the words "or other transfer" appear to be necessary in Rule 15(1) after the word "assignment" in line 3.

It is also necessary to make it clear that the Policyholders meetings shall be held at the station where the principal office of the company is situated.

It appears desirable to provide that in the event of a casual vacancy arising among Policyholders' Directors the other Directors of the Company shall have the power to fill the same by the appointment of a qualified Policyholder.

It is also necessary to make it clear that the Policyholders' meeting shall be presided over by the Chairman for the time being of the Board of Directors of the Company and in his absence by any other Director and in the absence of such Director, the Policyholders may elect their own Chairman. The Chairman of such meetings shall not be entitled to vote therein unless he is qualified to vote in his own right under Rule 15(1). A provision should be made that in the event of equality of votes the Chairman of the meeting shall have a casting vote. We do not approve of the provision in sub-rule (3) of Rule 15 to determine the election by lot in the event of an equality of votes.

It may also appear desirable to provide that a Policyholder wishing to attend the meeting should obtain a certificate at least 3 days before the date of the meeting to the effect that he is qualified to vote at the ensuing meeting. This is necessary as hundreds of qualified voters may be present at the meeting and it may not be practicable, if not impossible, for the company to scrutinise at the time of the meeting that a particular person attending the meeting is a qualified voter.

Following the usual practice, the votes should be counted by the Chairman of the meeting and not by the Company's auditors. If the Company's auditors are required to be present at the meeting and to do the work of counting votes companies will be put to an extra expenditure for the purpose, particularly if the auditors have their place of business at a station different from the one where the meeting is to be held.

Rule 18:

In connection with Rule 18(1) we suggest that the words "in the Government of India Gazette and" be inserted between the words "announced" and "in" occurring in line 1.

Points for discussion with the Superintendent of Insurance
on Thursday the 5th January 1939 in connection with the
Insurance Act Rules.

Section 114 (1)(b) empowers the Central Government to prescribe the manner in which it shall be determined for the purposes of the Insurance Act, 1938, what is Insurance business transacted in British India.

Our Committee are of opinion that a clear definition as to what will constitute Insurance business in India would be more helpful than what is provided under Rule 4(1)(a) and (b). This rule will enable insurers not domiciled or constituted in British India to issue policies in British India on lives even permanently residing in British India provided they (insurers) do not transact such business through an agent or other representative employed in British India. In practice the effect of this Rule will be that insurers not wishing to come under the operation of the Insurance Act may have offices or agencies in any of the 600 States in India and transact business by correspondence or through advertisements so long as they do not employ men in British India to transact such business for them. We do not think that the spirit of the Act permits this for the simple reason insurance business in British India may be transacted by insurers without coming under the scope of the Act. Section 3 of the Act says that no insurer shall carry on Insurance business in British India unless he obtains a certificate of registration. Under Section 103(1) any insurer who transacts business in contravention of Sections 3, 6, 7, 97 and 98 commits an offence punishable with fine. Section 103(2) says that any person knowingly taking out a policy with such an insurer is also guilty of an offence under sub-section (1). Further sections 11 & 13 require every insurer to prepare and file accounts, balance-sheet, actuarial report etc. It was not contemplated by the act that a large volume of insurance business should escape this statutory control and scrutiny.

In our opinion the definition of Insurance business transacted in British India should be in the following terms:

A contract of Insurance shall be considered to constitute insurance business transacted in British India if an insurer

- (a) solicits or inspects any risk or
- (b) issues or delivers any receipt or policy of insurance, or
- (c) grants in consideration of any premium or payment of any annuity on a life or lives, or
- (d) collects or receives any premium, or
- (e) advertises for or carries on any business of insurance, or
- (f) prosecutes or maintains any suit, action or proceeding, or files any claims in insolvency relating to the business of Insurance in British India."

If for any reason Government are unable to accept the above change, then this Rule may be at least altered as follows:

" A contract of insurance shall not be considered to constitute insurance business transacted in British India:

- (a) The assured is residing in British India at the time of the contract, or
- (b) If the insurer has his principal place of business or domicile outside British India, the contract is effected through solicitation by mail or through advertisement or otherwise in British India or through an insurance agent or other person residing in British India.

As regards Rule 4(2) we submit that the words "or which have been effected outside British India after the commencement of the Act" occurring in lines 8 & 9 deleted.

Section 16 of the Act is one of the provisions made with the object of controlling unequal competition between indigenous companies and foreign companies. It was alleged that foreign companies could spend lavishly in securing a footing in India at the cost of Indian Insurance Offices by bringing large sums of money from outside India out of their huge resources in the country of their origin. The declaration contemplated by Section 16(2) (d) was therefore intended to serve as a check on such methods of competition. The rule as framed however fails to carry out the object of the Section. It is necessary that the actual sums brought from outside should be declared to enable a fair estimate to be made of the working in India of insurers obtaining funds from outside India.

Our Committee therefore suggest that in Form V the words "such sums as properly appertain" in lines 3 and 6 be changed to "a sum of Rs. appertaining" the words "except such sums as properly appertained to the Capital Account" in lines 9 and 10 should then be deleted. The form as amended will then read as under :

" It is hereby certified that all amounts received directly or indirectly at credit of the revenue account in respect of business transacted in India referred to in clause (b) of subsection (2) of Section 16 of the Act whether from the Head Office of the insurer or from any other source outside India, have been shown in the aforementioned revenue account except a sum of Rs. appertaining to the capital account and it is further certified that all expenditure including claims attributable to business in India, met during the year in question from sources arising outside India, has been shown in the said revenue account". If there is any technical difficulty in the Government agreeing to the amended form of declaration as suggested by us, the words "declared on oath" be substituted for the word "certified" in line one and the word "certified" be changed to the word "declared" in line 6 of the declaration.

It is not understood what is exactly meant by the term "essential conditions" in sub-rule (a). The word "essential" would appear to be the door open to litigation as it is open to be argued that only those conditions go to the root of the matter and the rest are merely ancillary to the contract. Our Committee suggest that the purpose of the rule would be served by substituting the word "principal" or "main" for the word "essential". If the words "essential conditions"

and if for the words "eligible for" the words "offered for" are used, a lot of difficulty may disappear.

In Rule 12 (b) the words "by the insurer or his agent" require to be deleted.

Our Committee are of the opinion that it may be impossible for all documents forming the basis of the contract to contain matters referred to in clauses (a), (b) and (c) of Rule 12. The words "other document" include personal statements and declarations regarding health and age. Even ordinary letters by a proponent containing a statement about the health and habits of himself or his family form part of the basis of the contract of insurance. Our Committee feel that in the absence of a definite statement as to what matter shall be reproduced in the Proposal form it is not possible to express an opinion how far it is practicable to do so. At any rate the deletion of the words "or other document" seems to be absolutely necessary. It should be enough if only the proposal form is mentioned.

As it is possible that other clauses of policies may be issued by a Company besides whole life or endowment insurance policies our Committee suggest that provision should be made for other classes of insurance also in this Rule. This may be done by adding the words "or any combination of the two".

As regards Rule 14 (1) (b) our committee have more than once pointed out that a Director elected by the the policyholders should himself feel or be made to feel any difference between him and the other directors on the Board of a Company. In practice this cannot be obtained unless either such director holds a status not very different to that of the other directors or has a stake in the company fairly approaching theirs. As the former alternative cannot be provided for it is imperative that this rule should secure the latter. To this end our Committee strongly feel that the minimum qualification for a Director should be the holding of a policy or policies of the face value of at least Rs.5,000 otherwise than by assignment or other transfer. It should be the face value of the policy which is in full force and the words "with bonus" should be removed.

We suggest that some provision should be made to ensure that the policy or policies held by a policyholder who wishes to stand as a director or who wishes to be qualified for a vote should be free from any encumbrance. (This will require a suitable addition in Rule 15 also).

It has been suggested in certain quarters that votes by proxy may be allowed. Our Association have no objection to the policyholders qualified to vote being allowed to vote by proxy so long as Government do not propose to make insurers issue voting papers by post. If voting by proxy is provided for it may be made clear that sufficient time is allowed for scrutinising the proxies lodged.

To make the election practical so as not only to conduce to peaceful transaction of business but also to keep expenditure within reasonable limits, it is desirable that the minimum qualification for a voter should be fixed at his holding in his own right of one or more policies of life insurance of the face value of at least Rs.1,000. In the matter of numbers at least policyholders are quite different from shareholders. When voting is to be done in person it would be so difficult to identify hundreds of person entitled to vote within the limits of time usually occupied by meetings. It is further necessary to provide that only those policyholders whose policies have been in force for not less than one year immediately before the date of meeting shall be eligible to vote.

As regards Rule 15(2) the provision made in the rules is bound to be very costly. The leading English daily of Bombay charges Rs.8/- per column inch per insertion. It is therefore necessary to make the advertisement matter short and to restrict insertions. It will be enough in the opinion of our Committee if the notice regarding the meeting of policyholders is published in one English and in one newspaper in any Indian language circulating in the place where the principal office of the company is situated, and if there are policyholders domiciled in province other than that in which the principal office is situated, in one newspaper in a principal language of that province. It seems hardly necessary to republish the notice again at a considerable cost.

As regards the contents of the notice, our committee begs to suggest that so far as the qualifications of elected Directors and of voters are concerned, a provision may be made for insurers to state the information on the policy itself or by means of a slip to be attached to the policy in addition to publishing the same in the prospectus. Such a procedure will keep the qualifications of a Director or Voter constantly before the eye of the policyholders and will save a lot of expense to insurance companies by way of advertisement charges.

An option should also be given to insurers to give notice of meeting by post instead of by advertisement if they so choose to do. This will give relief to insurers not having a large number of policyholders.

If the above suggestion is accepted it may be made clear that it may be open to a company to give notice of the meeting by post in Province and by advertisement in another Province if the company so wishes to do for reasons of its own.

It is also desirable that election for policyholder's directors should be held only once in 2 years instead of annually. If this is agreed to a suitable change will have to be made in Rule 16. This will save constant changes in the Directorate and will eliminate the ordeal of an election every year.

Our Committee take it that Rule 14 and 15 do not apply to Mutual Companies dealt with separately under the Act and in whose case all the Directors are elected by the policyholders in accordance with their articles of Association.

The addition of the words "or other transfer" appeared

Points for discussion with the Superintendent of Insurance
on Thursday the 5th January 1939.

JAN 7- 1939

- Section 11. It is desirable to make it clear that in the case of companies closing their Books on 31st December 1938 they will be in order if all the returns are submitted to Government in accordance with the forms contained in the Indian Life Assurance Companies Act, 1912 and the Indian Insurance Act, 1928.
- Section 12. This Section requires auditing under Section 45 of the Indian Companies Act. Section 17 of the Insurance Act exempts insurers from certain provisions of the Companies Act. Some clarification of this point seems to be necessary.
- Section 17. Section 17 exempts insurers from certain provisions of the Indian Companies Act, 1913. It is stated there that where a copy of accounts and balance sheet as furnished under Section 15 of the Insurance Act is sent to the Registrar of Companies it shall not be necessary for the company to file a Balance Sheet with the Registrar as required by Sub-section (1) of Section 134 of the Indian Companies Act. Although the words "Accounts and Balance Sheet" are used at all places only the word "Balance-Sheet" is used at the end of the words "it shall not be necessary for the company to file".
- In order that the meaning may be clear it is requested that the words "accounts and balance sheet" be used after the word "file".
- Section 26. We take it that alterations on account of extras charged on grounds of personal or family history or occupation are not covered by this section.
- Section 27. It is not customary to make a valuation oftener than once every three years. It appears therefore necessary to lay down that the actuarial liability disclosed at the last preceding valuation should be taken as the actuarial liability for the purpose of complying with this section. Effect may be given to this suggestion by the addition of the words "as may be disclosed by a valuation made under section 13 and 16" after the words "the amount of its liabilities" in line 5 of subsection (1) of the section.

In view of the possibility of some of the Indian States having Insurance Acts of their own with provisions in terms of Section 27(2) of the Indian Insurance Act it seems necessary to add a proviso to the effect that an insurer registered in India and operating in an Indian State who has to comply with their provisions similar to Section 27 (2) should be exempted from the operation of Section 27 of the Indian Insurance Act to the extent of his compliance with the laws of the Indian State.

Section 23. The time limit of 14 days appears to be too short and it is requested that atleast a month should be allowed for the purpose of this section.

Section 23. It seems to be necessary to define the word "Officer" as in the absence of any such definition quite a number of senior assistants of an insurer who are regarded as Officers of the Company will have to travel with their own money on the company's business until their bills are sanctioned and paid for. It was perhaps the intention of the Legislature to mean the principal officer of the insurer by the word used and the meaning will be quite clear if the words "the Principal" be added before the word "Officer"

Section 40. This Section prohibits payment by way of commission or otherwise by procuring business except to certain persons and fixes the rates of commission payable to licensed agents.

It is not clear whether the period of 6 months mentioned in sub-section (1) applies to sub-section (2) also.

It is also not clear whether a salaried employee of a company can obtain a licence for soliciting or procuring insurance business and be paid commission in addition to his salary or other remuneration for doing other work of the company.

It is also necessary to clarify whether a paid employee of an insurer can solicit or procure insurance business for his insurer without getting a licence and without being paid any special remuneration for such work.

It is not clear whether an employer of licensed agents can solicit or procure insurance business for his insurer with or without a licence and whether he can be paid the licensed agent's remuneration on his personal business in addition to any remuneration which he may receive as an employer of licensed agents.

Under Section 40(1) an employer of licensed agents is allowed to enter into a contract to be paid any remuneration or reward for soliciting or procuring insurance business in India. Under Section 43(2) any individual not holding a licence under section 42 who acts as an insurance Agent is made punishable with fine. This inconsistency will disappear if instead of the words "for soliciting or procuring" in Section 40(1) the words "in respect of" are substituted. We take it that an insurance Agent as defined under the Act can be paid any gratuity or any remuneration at a rate higher than 5% under a contract made prior to the 27th day of January 1937 and in respect of business effected through him before that date.

In sub-section (3) of Section 40 the words "Insurance Agent" seem to have been used inadvertently since the object of the sub-section appears to be to leave insurers free to pay any gratuities or renewal commission in respect of business done prior to the 27th day of January 1937 even to persons who may not be licensed insurance agents. An insurance agent is defined in the Act as agent licensed under Section 42 and hence the necessity of the omission of the word "insurance" before the word "agent".

If the words "insurance agent" are allowed to remain, insurers will not be able to make any payments to any person in India except to a licensed agent and an employer of licensed agents even in respect of business done prior to the 27th of January 1937.

Could an employer of licensed agents have ceased or should he hereafter cease to be so, will he continue under the Act, for the purpose of his remuneration on the business done by him, to be an employer of licensed agents so far as his past business is concerned? If the reply is in the negative he may have to obtain a licence and the question that would then arise is whether his remuneration would be the one allowed to a licensed agent or whether it will be the one as provided in his contract as employer of licensed agents.

The position of agents who are residents of Indian States will be different from those residing in British India.

The question is what would be the position of the company if it refused to pay commission in respect of past business to an agent residing in an Indian State who does not care to obtain a licence. He may sue the company through its accredited agent in the Indian State in an Indian State Court and the company may be held liable for the commission in terms of its contract. At the same time the insurer would be committing a breach of Section 40(1) if he paid remuneration to an unlicensed agent.

Section 45. What is the position of a company in respect of policies already issued and on which no proof of age has been furnished, if the assured does not, when asked to do so, get his age admitted? If the company has no legal remedy against him it will mean that in the case of policies issued before the commencement of the Act the company will have to accept as correct the age given in the proposal.

Section 116. In view of the fact that Burma and Ceylon are for business purposes considered parts of India the power of exemption provided in this Section requires to be extended to these two countries also.

First Schedule. Regulation 6 speaks of assets in India whilst Form A.A. thereunder refers to Indian Assets. Is any difference introduced by these different phrases?

Third Schedule: Form D. We wish to know if separate figures of life Assurance Fund in respect of business within India and business out of India are required to be stated. If so, will it be necessary for every insurer to have a valuation made as at the last day of the year immediately preceding the year in which the new Act comes into force?

INSURANCE HERALD

(AN ILLUSTRATED WEEKLY NEWSPAPER ON INSURANCE AND ALLIED SUBJECTS)

MANAGING EDITOR
A. T. BANERJEA

2, Royal Exchange Place,

Ref. No. Ed/8427.....

Calcutta, 11th, Feb., 193 9.

Sir Mohd. Mirza Ismail,
Dewan of Mysore.
Mysore.

Dear Sir,

While sending you under separate post
a copy of our weekly issue of date, we beg to draw
your attention to our editorial note on "The Mysore
Insurance Bill."

Yours faithfully,

A. T. Banerjee
Managing Editor.

PS.
ack.
me
ce/

KS/BC

12/11/2
Has this been reviewed?
12/11/2

INSURANCE HERALDAN ILLUSTRATED WEEKLY NEWS
PAPER ON INSURANCE

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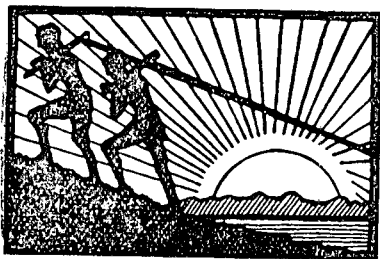
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INSURANCE HERALD FEBRUARY 11, 1939

THE MYSORE INSURANCE BILL

We had occasion in the past to invite the attention of the Indian life offices to the Mysore Insurance Bill which was issued by the Mysore Government for general information by notification No. 2880—L.C. Bangalore, dated 30th December, 1937. In our editorial note dated the 29th January 1938, we dealt in detail with the main objections against the Bill and had appealed to the Mysore Government to take a more reasonable view of things in regard to this important legislation. Since then much water has flown down the river and the Bill is now in the third reading stage in the Mysore Legislative Assembly with all those features which were objected to by us and by the entire insurance opinion of British India. In so far as we are aware, the Indian Life Offices' Association made a closely reasoned representation to the Mysore Government in March last without, we are

told, any result. Now that the Bill is going to be placed on the Statute Book and a number of its provisions are likely to cause considerable difficulty to British Indian life offices working in the Mysore State; we feel called upon to return to the subject in the hope that the Mysore Government would cease to drive a wedge between British Indian life offices and offices of native states endangering the fundamental conception of Indian unity. It would indeed be a bad day for India if all the different Indian States were to frame restrictive laws of its own for Insurance business which would benefit neither the cause of Indian insurance in general nor that of the companies of Indian States.

Before we go into the details of the Bill in respect of those sections, sub-sections and clauses which are likely to be prejudicial to British Indian life offices, we would like to point out that the basic concept of the Mysore Bill is open to serious objections, since, unlike the Indian Insurance Act, it appears in effect to consider the interest of Mysore Insurance Companies as distinct from the Indian insurance in general. Thus, while the Indian Act treats Indian insurance as an organic whole without making any distinction between Indian and State companies in really vital matters, the Mysore Bill seeks to place British Indian companies practically in the category of aliens with all the restrictive provisions of an expropriatory legislation placed on their way. This is unfortunate at this stage, since, the stage is now being set for the inauguration of Federation in which Indian States are expected to come in closer contact with British Indian affairs and a more abiding link is being forged between the component political units of India. There is then the important point that after the enactment of the Indian Act the main purpose of protecting the interest of policyholders has been amply secured and with its strict provisions to guide and regulate insurance business in India, the additional purpose of the Mysore legislation has greatly been obviated. In fact, we do not think that the policyholders of Mysore have such other particular interests of their own to be safeguarded as do not come within the ambit of the British Indian Act. In view of all these factors, the hurry and scurry of the Mysore legislation appears to us to be more than the situation demanded and the almost punctilious care with which the

British Indian Act has been copied out is a matter on which the Mysore Government should hardly congratulate themselves.

A general review of the provisions of the Mysore Bill has convinced us that if the Bill is passed into law, many of the British Indian life offices now operating in Mysore will be obliged to wind up their business operations within its territory for, the provisions relating to Deposits, Investment, preparation and submission of accounts and valuation statements etc. are so restrictive in their effect that most of the British Indian offices will find it hardly worthwhile to stay on under so many practical difficulties. One can easily realise that the volume of business written by British Indian life offices in the State is not so large as to call for a separate and additional deposit of Rs. 2 lakhs with the Mysore Government such as section 7 clause (3) of the Bill provides. It should be naturally expected that at least in respect of this provision a reciprocal arrangement is still possible so that securities deposited with the Government of India should be considered sufficient for the purpose of doing business in Mysore State. Section 2, sub-clause 9(a)(i)(ii) provides for separate registration for British Indian companies on payment of a registration fee of Rs. 100 and the detailed requirements of registration are so elaborate that it is hardly worth the trouble involved. Again, while section 13 of the Indian Act requires all insurers to submit Actuarial Report and abstract in respect of life business transacted by them in India as a whole, section 13 of the Mysore Bill provides for similar reports to be submitted in respect of Mysore business only. It clearly points to the fact that the Mysore Government are not prepared to grant even reciprocal treatment to British Indian companies even in such a simple matter.

Almost similar provisions have been in—
(Continued on page 336, Column II)

LAHORE LETTER

(From Our Special Representative)

MR. AND MRS. R. C. GRANT AT
LAHORE

A large number of prominent Lahore citizens, met recently at the Nedous Hotel in a tea party arranged by Lala Gowardhan Das, branch manager at Lahore of Sun Life Assurance Company of Canada, to meet Mr. R. C. Grant, superintendent of agencies, Sun Life, Eastern and Western Divisions (comprising India, Japan, China and a part of Africa) and Mrs. Grant.

Amongst those present were noticed Pandit K. Santanam, Mr. Gopal Das Soni, Sardar Sardul Singh Caveeshar, L. Bhim Sen Sachar, M.L.A., Mr. T. C. Kapur, Rai Bahadur L. Binda Saran, M.L.A., Mr. Homi J. Rustomjee, Malik Barkat Ali, M.L.A., Rai Sahib Lakshmi Narayan and Sirdar P. S. Sodhbans.

After tea was over, Lala Gowardhan Das, in a neat little speech, welcomed the distinguished guests on the occasion of their first visit to India. Mr. Rustomjee also spoke a few words in welcoming Mr. and Mrs. Grant to Lahore.

Pandit K. Santanam of Lakshmi Insurance Company in associating himself with the hearty welcome extended to the honoured guests by the previous speakers, dwelt at length on the various problems facing the Indian insurance institutions. He remarked that although they were mainly, if not wholly, indebted to the colonial companies for the introduction of insurance business in India; in fact, some of the important provisions in the new Insurance Act were direct adaptations from the Canadian Act, and if any of these provisions affected the foreign concerns in any way, the latter should realise that they had practically carried the day so long and should cherish no grudge or ill-will when Indian insurance concerns were trying to come to their own. Pandit Santanam concluded by asserting that the insurance companies of India were out to put their houses in order.

In replying on behalf of himself and his wife, Mr. Grant said that the first thing which impressed him was the rapid march India had been making towards industrialisation. He believed that industrialisation and insurance always went hand in hand and that the development of indus-

tries in India would bring with it the growth of insurance also.

Mr. Grant was of opinion that for a vast country like India, insurance business had immense possibilities and that a policy of bigotry and narrow discrimination was likely to affect the development of insurance in the country. He thought that a policy of "Open Doors" was more beneficial and appropriate for India and gave the assurance that Indian insurance companies would always count upon the support and help of overseas concerns who were pioneers in insurance work.

Referring to the new Insurance Act, Mr. Grant said that the greatest achievement for the new Act would lie in raising the morale of insurance in India, both for the individual and the company. He also stressed upon the advisability of the formation of a group of first class national companies—which he said, was vitally necessary for the growth of healthy insurance business.

Concluding, Mr. Grant informed his audience that the belief prevalent in India about the absolute independence en-

(Continued on page 337, Column II)

The Mysore Insurance Bill

(Continued from page 335)

corporated in section 11 and 12 in respect of the submission of schedules balance sheets and audit reports. The cost of time, energy and trouble, if not the extra expenses, involved in these piecemeal preparation of various items is surely a corroding burden placed on British India companies and is sure to serve as a forbidding signal to these companies in their operation in the Mysore territory. Section 16 which relates to returns to be submitted by insurers established outside Mysore provides for, in clause 2(c), the submission of "an abstract of the valuation report in respect of all life insurance business transacted by the insurer in Mysore" which means that for whatever small business done in Mysore, a separate valuation has to be made this is likely to lay open certain important facts regarding localised operation of life offices to unwelcome exposure. If British Indian life offices are called upon to submit such piecemeal returns with different political units within India, it would tend to create complication the end of which may be more serious than what we are able to foresee to-day. Further, section 27, sub-section (2) provi-

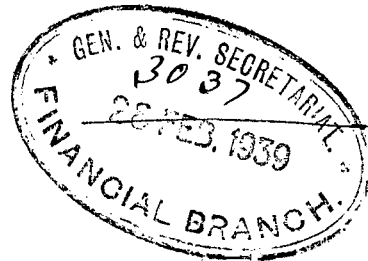
des that "an insurer incorporated or domiciled elsewhere than in Mysore, shall at all times invest and hold invested assets equivalent to the sum of his liabilities to holders of life insurance policies in Mysore" to meet claims on Mysore business, present and contingent in and outside Mysore. The implication of this section is obvious. In respect of claims and jurisdiction, section 46 provides that only the laws of Mysore will apply to Mysore business. Section 63 and 64 make the astounding provision for the maintenance of an office, a representative with power of attorney and books of accounts and registers sufficient to enable the Superintendent of Mysore Insurance to check.

The cumulative effect of these provisions makes it absolutely clear that the framers of the Mysore Bill are seeking to place British Indian companies in the same position as that of the foreign companies under the Indian Act; they, however, seem to have forgotten the vital difference that foreign insurance companies being pioneers of Insurance in India have built up large business, huge funds and ample reserves in respect of their Indian business so that it is quite easy for them to adjust themselves to the provisions of the Indian Act without causing serious disturbance to their present position. On the other hand the few British Indian companies that are operating in the Mysore territory are excepting one or two, only doing small business so the dislocation likely to be caused to these companies due to so many statutory requirement to be fulfilled would only lead to the conceivable effect of compelling these offices to pack up their bags without delay. If that is really, what the Mysore Government have in mind, we would not have associated enlightenment with the name of Mysore; for one thing, however, we feel sure that belonging organically to India, the enlightened State of Mysore has nothing but the good of Indian insurance at heart, and if it is possible to strike a compromise formula by which the fundamental interest of Mysore companies could be safeguarded without detriment to a fair field for British Indian companies, we hope, the Mysore Government would yet see the wisdom of finding out one such to the satisfaction of all. If we could throw out a suggestion, much of the rigours of the Mysore Bill could have been removed if its framers could turn out to be good draftists rather than bad copyists as they have been.

6311

Bangalore,

21st February 1939.



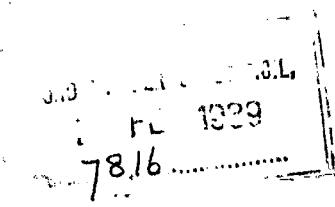
Dear Sir,

I am desired by the Dewan to acknowledge with thanks the receipt of your letter of the 11th instant, as well as the copy of the Insurance Herald containing an editorial article on the Mysore Insurance Bill and to say he has read it with attention.

Yours sincerely,

Ge
24/2

The Managing Editor,
Insurance Herald,
2, Royal Exchange Place,
CALCUTTA.



9/2
24/2

Issue 1/1/1939

*The correspondence may perhaps
be put to the second number for serial*

9/2
23/2

2nd. no.) *Ge*
23/2

H. H.

25/2 *26/2*

D.O.No. 71.6301
87

^{March}
Bangalore, 30th ~~Feb~~. 1939.

Dear Sir,

In continuation of my letter No. Do H. 2700 dated 10th Novbr 1938, I write to state that the Government are agreeable to consider the representation of your Association for the relaxation of certain provisions of the Mysore Insurance Bill relating to the maintenance of accounts, submission of ^a Abstracts of ^v Valuation Reports etc., separately for the ^l Life ⁱ Insurance business carried on in Mysore by a foreign insurer. The other suggestions contained in your letter of 27th October 1938 do not, however, commend themselves to Government ~~for obvious reasons.~~

2. The provisions regarding the Accounts, Valuation etc., (Clauses 11, 12, 13, 15 and 16) have been introduced in the Bill, mainly for the purpose of verifying ^{the} insurers' liabilities on policies matured and maturing, issued to policy-holders in Mysore, covering which, investments in approved securities are required to be made under Clause 27. You will agree, therefore, that, without a modification of this Clause, the amendments of the auxiliary clauses will ^{serve} ~~no~~ ^{any material} ~~useful~~ purpose.

3. Some of the foreign insurers have suggested to us that Clause 27 may be amended by requiring investments to be made in Mysore of an amount equal to-

(i) an amount which bears the same proportion to the insurers' liabilities as the Mysore premium bears to the insurers' total premium

or

(ii) an amount equal to a certain percentage not being below 60% of

of its premium collections
in Mysore, excluding the
collections representing
first year's premiums on
Policies issued.

4. I shall be glad if your Association
will consider these suggestions and furnish me
with its opinion as to its adoption, or, ^{whether they would} pro-
pose any other alternative which will equally
serve the purpose. In what manner the provi-
sions regarding the valuation ² Reports etc., have
to be modified will be considered on receipt of
your reply. The ¹ matter may be kindly treated.

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Mysore Proposal 31-12-38
 It was also brought to the notice of the Association that the State of Mysore is contemplating legislation analogous to the Indian Insurance Act of 1938. It was felt that, though in the Indian Insurance Act the Companies formed in Indian States are not discriminated against it was possible that in the proposed legislation provisions might creep in which might operate adversely on companies formed in British India and operating in Mysore. It was, therefore, resolved that the Executive Committee should immediately make suitable representation to the Mysore authorities and send delegation if necessary so as to protect the interests of Indian Companies and save them from unnecessary hardships. It was also resolved to ask the Commerce Department of the Government of India to take such action as might be in this connection.

It appears that recently an article appeared in the Times of India on the higher insurance rate perhaps it may be in connection with the discussions on the Union frontiers of the State in the Federated Chambers of Commerce, Delhi.

Of the issue wherein it appeared has been reviewed, I shall be thankful if it is sent on to me. The member wanted it for reference.

Publicity Dept
 W.C.

ARM
 17/4

Herewith
 2/4/38

12/4/38 W/C

The Indian Life Assurance Offices Association

Lakshmi Building
Sir P. Mehta Road, Fort



Bombay 17th April 19 39

From

C. G. Fozdar Esqr., (Manager, Asian Assce. Co. Ltd.)

Honorary Secretary.

To the Finance Secretary,
General and Revenue Secretariat,
BANGALORE



Dear Sir,

Re: Mysore Insurance Bill.

Your D.O.No.F1.6~~30~~³⁰¹/G.F.246-35 dated the 28/30th March 1939
was duly considered by us.

We are glad your Government recognize that Sections 11 to 16 have no primary purpose to serve in themselves and are merely ~~an~~ auxiliary to the Investment Clause (Section 27) of the Draft Bill. It was in this view that we were trying to impress upon your Government the view to have simple rules which can be easily satisfied in practice without disproportionate cost and labor.

As regards the suggestions in para 3 of your letter under reply we are agreeable to the principle thereof but we specifically support sub-para (ii). Here again we think your Government will have little difficulty in recognising that no reserves need be held in respect of the surrenders that have taken place during the year and the claims that have already arisen during the year as they have in any event to be paid out forthwith. We understand therefore that the position will be that out of the proposed 60% of premium collections excluding the first year's premiums a sum equal to the amount of the surrenders and claims that have arisen during the year will be deducted before the sum due for investment is finally ascertained.

In this view we accept the criterion in para 3 (ii) of your letter made explicit as above.

We trust that the Clauses 11 to 16 will be suitably worded so as to bring out their real purpose ^{of} only helping to carry out the purposes

of Clause 27 and that they will not be interpreted independently of nor to serve any purposes other than those of the said clause. As the modification of clause 27 proposed by you does away with the necessity ~~of~~ for a separate valuation in the case of foreign insurers we trust this consequence also will be duly carried out in the relevant provisions of the Bill.

Yours sincerely,

~~Hon. Secretary.~~

The Bengal National Chamber of Commerce has addressed a memorandum this week to the Commerce Department of the Government of India (drawing attention to the amending bill introduced in the Mysore Legislature by the Mysore Government to regulate and control insurance business. It is pointed out that several provisions in the amending bill are detrimental to British Indian Life offices with branches in Mysore.) The cumulative effects of various sections of the bill such as §3, 17, 11, 12, 12, 27, 63 and 64 will be to impose various stringent restrictions on Indian offices operating in Mysore. The object of these provisions seems to be an to treat Indian offices in Mysore as foreign offices will be treated in India under the new Insurance Act, says the memorandum. The clauses relating to deposit and investments will cause real hardship, as has been said more than once by many, and the Committee apprehends that other States may copy the Mysore example and pass amended insurance legislation which will throw special responsibilities on Indian offices with branches in important States.

Though the Mysore bill follows closely the provisions of the Indian Insurance Act in regard to the restriction of the activities of companies incorporated in the States, the memorandum pleads that restrictive provisions in States legislation will be out of place. It is urged that in the first place the amount of deposit which British Indian Companies are required by the Mysore Bill to keep with the Mysore Government has been fixed at a figure much too high in proportion to the business which such companies can hope to secure in a State like Mysore; in the second place, the Committee is definitely of opinion that the provision requiring British Indian companies to invest 33½ per cent. of their policy liabilities in Mysore Government securities and the balance in other securities approved by the Mysore Government is far too stringent in view of the very limited scope for investment in Mysore. The memorandum refers to Section 116 of the Insurance Act which comes into force on July next according to which the Government has power to exempt any insurer incorporated or domiciled in States from the provisions of Section 6 regarding deposits and Section 27 regarding the keeping of assets in India, absolutely or subject to conditions. Since the Mysore Bill contains a similar clause, the memorandum expresses the hope that the Government of India will intervene and secure exemption for British Indian companies on a reciprocal basis. If offices established in States are accorded fair treatment Indian life offices can hope for exemption from legislation that threatens to be discriminatory in effect and the memorandum observes that before the new Insurance Act comes into force the Government of India should take up the matter with the Mysore Government.

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NATIONAL INSURANCE CO. LTD.
CALCUTTA.

The remuneration will be by commission on premiums paid during the life time of the life assured as follows : -

1. Commission on First Year's premium : -

- 25 per cent on 1st year's premium upto completion of annual business of Rs 25,000 yielding Rs 1,250/- in new premiums.
- 30 per cent on 1st year's premium on completion of annual business of Rs 50,000 yielding Rs 2,500/- in new premiums.
- 35 per cent " Rs 75,000 - do -Rs 3750 /- - do -
- 40 " Rs1,00,000 - do - 5,000/- - do -

Exceptions : -

1. Endowment assurances for terms less than 13 years or at ages over 45 $\frac{1}{2}$ half the above rates.
2. Child's Endowment 5% only.
3. Special ~~policies~~ and Single premium policies and Sums reassured. $\frac{1}{2}$ Such rates as may be quoted

2. Renewal Commission.

5 % in all cases except Child's Endowment unless quoted otherwise, with the premium^{and} provided at least ;3,000/- completed business is introduced each year

KS/

29/4/38

Hindusthan

SCHEDULE OF REMUNERATION.

These rates are subject to the terms of the Letter of Appointment and may may be altered by the Society at any time

For New Business during the Society's Official year (1st May to 30th April)	On New premium Realised.	On Renewal Premium Realised.
-----	-----	-----
Below Rs 10,000	30%	nil.
Rs 10,000 but below Rs 25,000	30%	5%
Rs 25,000 - do - 50,000	32 $\frac{1}{2}$ %	5%
Rs 50,000 - do - 75,000	35%	5%
Rs 75,000 - do - 1,00,000	40%	5%
Rs 1,00,000 and over	45%	5%

The above rates will apply only to assurances under Tables *Whole life*, Whole Life Limited Payment, Endowment Assurance and Limited payment Endowment (with the exception of Single payment) Double Endowment Joint Life Endowment, coupon bond and Progressive Benefit Assurance (Tables I, IA, II, IIA, III, IIIA, IIIB, IIIC, ^{IV}IVA, V, VA, VIII, X, XA, XB, XI and XIA). On Single payment Whole life and Endowment Assurance policies (Tables II, IIA, IV, and IVA) the rate of commission will be 21 $\frac{1}{2}$ % on the amount of premium paid once for all. For Double Benefit Assurance (Table IX) the new Commission will be two-thirds, and for Child's Endowment (Table VII) at one half, of the above scale the Renewal Commission in both cases being at the full rate shown above. On Provident Endowments the rate is $\frac{1}{2}$ % of the face value once for all.

As to Commission on premium in respect of all other classes of policies (not mentioned above) the Agent must accept ^{the} rates determined in each case by the Society.

(N.B. The rates of Commission mentioned above include all expenses for travelling, postage etc, except printed forms which will be supplied by the Society.)

(" HINDUSTHAN CO-OPERATIVE INSURANCE
SOCIETY.LTD.)

KS/

THE ASIATIC GOVERNMENT. SECURITY LIFE ASSURANCE
COMPANY.LIMITED.

Schedule of Commission allowed to agents and Canvassers:-

35% on the first year's premium and 5% on the second and subsequent years' premiums for policies issued under Tables I,II,III,IV,V,V-A,VI,VII,VIII and X; for policies of less than 10 years duration 15% on the first year's premium only (no renewal commission) for policies issued under Table IX (Pure Endowment) and Single Payment Policies 4%.

Bonus : - If the Agent's business exceeds Rs 25,000 in a year bonus allowed at Rs 3/- on every Rs1,000/- sum assured completed with full year's premium; if the business exceeds Rs 50,000/- at Rs 5/- per Rs 1,000/- sum assured; if it exceeds Rs 75,000/- at Rs 7/- per Rs 1,000/ sum assured and if it exceeds Rs 1,00,000/- at Rs 8/- per Rs 1,000/- sum assured.

DRAFT

SUBJECT.....

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File No. 14-39

Serial No. 1

Proceedings of the Government of

H. H. the Maharaja of Mysore

Diary No. of letter replied to.....

GENERAL AND REVENUE SECRETARIAT,

, the.....191

Date of issue.....24-7-39

Signed by.....*Mr. C.S.A.*

Ordered that the accompanying.....

*to regulate and control insurance
business in the State*which received the assent of His High-
ness the Maharaja, on the.....*thirteenth*day of.....*July*.....1939be published as Regulation No. *XXII*of 1939, in the Mysore Gazette for gene-
ral information.

May this be—

(i) Printed?

(ii) Treated as a standing order?

(iii) Published in the "Gazette" English
part?

(iv) Translated?

(v) Placed at the disposal of the Press?

(vi) Published in the "Gazette" Kannada

Secretary to Government.

Law department

To

The Compiler, Mysore Gazette, for
publication in Part IV of the Gazette, in

English and Kannada and for supply of

.....spare copies in English, and

.....spare copies in Kannada to

this office, and.....spare copies

in English and.....spare copies

in Kannada to the Curator, Government

Central Book Depot, Bangalore. *4 clean*

Proofs should be sent to this office for approval

before publication.

*Spare copies as
per standing
order.*

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS
THE MAHARAJA OF MYSORE.

O R D E R No. *p450 legs 14-39-1*
Leac 1

Dated Bangalore the 24th July 1939.

Ordered that the accompanying Act to regulate and control insurance business in the State which received the assent of His Highness the Maharaja, on the thirteenth day of July 1939, be published as Act/^{No.}XXII of 1939. in the Mysore Gazette for general information.

~~Secy~~ Secretary to Government
Law Department.

To

The Compiler, Mysore Gazette for publication in Part IV of the Gazette in English and Kannada and for supply of spare copies as per Standing Orders. 4 clean proofs should be sent to this office for approval before publication.

D. O. No. *PS82/Secy Prof* GENERAL AND REVENUE SECRETARIAT
copy Dated, Bangalore, 29th July 1939.

IMMEDIATE.

Dear Sir,

I am desired by the Law Secretary to send for your perusal and kind return a proof copy of the Insurance Act to be published in the issue of the Gazette next week.

Yours sincerely,

*Returned with
complaints, with necessary
corrections*
AM
34/7
To. Mr. A. V. Krishnamurthy
Superintendent
Pro Secy

B. K. Rao
Super Secy
Pro Secy
Pro Secy
A. V. Krishnamurthy Esqr., B.A., B.Com.,
Headquarters Assistant to the Excise Commissioner
in Mysore, Bangalore.

Name of the Company.	YEAR Of Estd.	Head Office.
1. Asiatic.	1913	Bangalore City.
2. Asian.	1911	Bombay.
3. Andhra.	1925	Musalipatam
4. Angels.	1930	New Delhi.
5. Arya.	1910	Cachar.
6. Asoka.	1930	Ahmedabad.
7. Bengal Mercantile	1910	Calcutta.
8. Bharat.	1896	Lahore.
9. Bombay Life.	1908	Bombay.
10. Bombay Mutual.	1881	Bombay.
11. Commonwealth.	1929	Poona.
12. Crescent.	1919	Bombay.
13. Deccan.	1931	Bezwada
14. Dominion.	1930	Calcutta.
15. Donation union link on railways	1921.	Bangalore
16. East and West	1913	Bombay
17. Empire of India.	1897	Bombay.
18. General Assurance	1908	Ajmere
19. Great Asoka.	1932.	Patna.
20. Himalaya		Calcutta.
21. Hindustani Bhima	1914	Lahore
22. Hindustan	1907	Calcutta.
23. India Equitable.	1908	Calcutta
24. Indian Globe.	1930	Bombay.
25. Indian Merchantile	1907.	Bombay.
26. Indian Mutual.	1925	Madras
27. Indian Peninsular.	1928	Madras

Sl. No.	Name of the Company.	Year of Estd.	Head Office.
28.	Hindu Union	1933.	Madras
29.	Industrial and Prudential	1930	Bombay.
30.	Jai Bharat	1931	Madras
31.	Jupiter General.	1919	Bombay.
32.	Lakshmi	1924.	Lahore.
33.	Light of Asia.	1913.	Calcutta
34.	Metropolitan.	1930.	
35.	Nagpur Pioneer	1921.	Central Provinces.
36.	National	1906.	Calcutta.
37.	Neptune.	1931.	Bombay.
38.	New India Assurance CO.,	1919.	Bombay.
39.	Oriental	1874.	Bombay.
40.	Premier General Assurance.	1930.	Bombay.
41.	Reliance Assurance.	1933.	Bangalore.
42.	Shree Life Assurance	1917.	Bombay.
43.	Star of India.	1928.	Lahore.
44.	Tropical Insurance CO.,	1927.	Delhi.
45.	United India Assurance.	1906.	Madras
46.	United Karnataka.	1930.	Dharwar.
47.	Venus Assurance Company.	1920.	Delhi
48.	Victory Insurance CO.,	1934.	-do-
49.	VijayaLakshmi General Assurance Company.	1933.	Madras
50.	Young India Insurance CO.	1930.	Calcutta.
51.	Zenith Life Assurance.	1916.	Bombay.
52.	Commercial Union.	1861.	Bombay.
53.	Grasham Life Assurance.	1848.	-do-
54.	Guardian Assurance CO.,	1821.	Calcutta.
55.	Liver Pool & London Glob Insurance Company.	1808.	-do-
56.	Prudential Assurance.	1848.	-do-

Sl NO:	Name of the Co.	Year of Estd.	Head Office.
57.	Norwich Union.	1808.	Calcutta.
58.	Standard Life Assurance.	1825.	-do-
59.	Sun Life Assurance Co., of Canada.	1865.	Bombay.
60.	Sun Assurance Company.	1710.	Calcutta.
61.	Crown Life Assurance CO.,	1900.	Bombay.
62.	Manufacturers' Life Assurance Company. 1887.		Bombay.
63.	Great Eastern Life Assurance Company. 1908.		Calcutta.
64.	Allianz and Stuttgarter Life Insurance Co., 1889.		Delhi.
65.	Standard Insurance Company.	1901.	Calcutta.

MYSORE STATE LIFE INSURANCE-

<u>PUBLIC BRANCH.</u>	-- 1916.	<u>B a n g a l o r e.</u>
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The average first year's commission that is being given to the Agents in all the above Companies ranges from 35 to 50 per cent, whereas in our Government the Commission ranges from 5 to 10 percent only.

In spite of the heavy expenditure, that the Companies have to meet they have been able to provide to the Agents the encouraging commission; while this kind of privilege does not exist in the State Life Insurance Public Branch though it has got to meet low expenses in the form of - Commissions, Medical fees, Postal charges, etc.

LIST SHOWING THE PREMIUM INCOME OF INSURANCE COMPANIES *(as per)*
from J.T. Records) Mysore Premium receipts.

1)	The Jupiter General Insurance Company Ltd. ..	Rs.1,868/-	
2)	The National Indian Life Insurance Co., Ltd...	7,544/-	
3)	The General Assurance Society, Ltd. ..	1,26,237/-	-
4)	The Bombay Life Assurance Co., Ltd. ..	49,373/-	-
5)	The United India Life Assurance Co., Ltd. ..	14,680/-	
6)	The Asiatic Government Security Life Assurance Company, Ltd.	2,38,372/-	-
7)	The Reliance Assurance Company, Ltd. ..	13,103/-	
8)	The Oriental Government Security Life Assurance Company, Ltd.	12,78,653/-	-
9)	The Empire of India Life Assurance Co., Ltd ..	2,44,484/-	-
10)	Hindusthan Co-operative Insurance Society, Ltd.	77,815/-	-
11)	The Sun Life Assurance Company of Canada. ..	1,83,866/-	-
12)	The Manufacturers Life Insurance Company. ..	3,706/-	
13)	The Standard Life Assurance Company, Ltd. ..	2,666/-	
14)	National Insurance Company, Ltd. ..	45,203/-	-
15)	The Commonwealth Assurance Company, Ltd. ..	290/-	
16)	The Venus Assurance Company, Ltd. ..	2,738/-	
17)	The Bharat Insurance Company, Ltd. ..	16,894/-	

18.	American Foreign Insurance Association. ..	955/-	
19.	Zenith Life Assurance Co. Ltd. ..	4,979/-	
20.	Modern Indian Assurance Co. Ltd. ..	42/-	

Total 23,13,468/-

*Deduct Premium Receipts of
 Local Companies*

1) *The Asiatic Govt Secy Life* 2,38,372 }
from Mysore
 2) *The Reliance Assurance* 13,103 } 25,1,517
from Mysore 42 } ~~2,51,925~~
 3) *Modern I. Assurance* from Mysore
 20,61,951

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STATEMENT SHOWING THE VOLUME OF TRANSACTIONS DONE BY FOREIGN AND
LOCAL INSURANCE COMPANIES.

Name of the Company.	Autho-	Capital. Subs.	Paid up	Volume of Business transacted.	Remarks.
1. Asiatic Government Security Life Assurance Company, Limited.	5,00,000	1,68,585	1,68,585	Rs. 38,63,250	
2. Reliance Assurance Company, Limited.	5,00,000	53,300	22,275	Rs. 2,90,841	
3. Sri Jayalakshmi Insurance & Banking Company, Limited.	2,00,000	7,600	2,070	N i l	
4. Modern India Insurance Co., Ltd.	1,00,000	6,140	6,140	N i l	
5. Mysore Insurance Company, Limited.	3,00,000	1,44,600	59,570	Rs. 7,65,345	
<u>FOREIGN COMPANIES.</u>					
6. Bharat Insurance Company, Limited.	15,00,000	12,42,600	2,48,520	Not available.	
7. Commonwealth Assurance Co., Ltd.	5,00,000	2,00,000	53,735	Rs. 15,19,750 for 1933.	
8. Country Insurance Company, Limited.	1,00,000	1,00,000	48,865	Not available.	
9. General Assurance Society, Limited.	5,00,000	4,65,325	1,35,919	Rs. 62,81,500	
10. Guzerat Popular Insurance Society, Ltd.	20,000	3,700	3,700	Not available.	
11. Great Eastern Life Assurance Co., Ltd.	250,000	..	..	Not available.	
12. Hyderabad Poiner Assurance Co., Ltd.	5,00,000	38,000	38,000	Not available.	
13. India Equitable Insurance Co., Ltd.	10,00,000	62,275	62,275	Rs. 34,43,750 for 1933.	
14. Kurukshetra Insurance Co., Ltd.	1,50,000	5,940	3,997	Not available.	
15. National Insurance Company, Limited.	10,00,000	10,00,000	1,00,000	- do -	
16. Star of India & General Assurance Co., Limited.	2,00,000	58,560	28,494	Rs. 10,82,000 for 1934	
17. Shree Live Assurance Co., Ltd.	1,00,000	12,000	12,000	Not Available.	
18. United India Life Assurance Co., Ltd.	2,00,000	80,100	80,100	Rs. 1,23,84,675	
19. Venus Assurance Bank, Limited.	10,00,000	5,00,000	1,70,177	Rs. 30,68,203	
20. Zenith Life Assurance Co., Ltd.	1,00,000	1,00,000	50,000	Rs. 39,88,600	

N.B. Includes total volume of business both inside & outside Mysore State.

P. Achannaseth
For Registrar 2/11

Rule 4 to be transacting insurance business in British India. This position requires to be corrected, for they must be subject to some obligations which are essential in the interest of their Indian Policy-holders. Further, the "Life Insurance business" should be clearly defined, as clause 4 of the Rules is not explicit on the point.

The Rule 8 states that no interest shall be paid on cash deposits on the Reserve Bank of India which does not stand to any reason at all. The Bank may not allow interest on moneys realised on sale or maturity of securities and lying with the Bank awaiting re-investment but why no interest, however small, should be allowed on cash deposits, is not easy to comprehend. This is an injustice to the policy-holders too. Also the commission of 1/10th per cent payable to Bank under clause 9 (3) should not be charged against the Company, but rather the Government of India should make its own arrangement with the Reserve Bank for the services rendered to them, as the Bank will virtually work for and on behalf of the Government.

A very noticeable point in the Rules is that there is nothing in them about the manner in which the amount of the 55% of the liabilities to policy-holders could be ascertained each year. The valuations of life offices in India are very seldom made each year, some make their valuations at every three years, while the majority make it at the end of every five years. How then this annual estimate of policy liability could be ascertained in order that the section 27 could be complied with? Moreover half-yearly statements of such investments should be made under section 28(1) and this is apparently to see that the requirements of section 27 are complied with, whereas the rules do not mention anything how this can be calculated practically.

The transfer and amalgamation of insurance business are both expected to be frequent for some time to come after the passing of the Act and as the sec. 35, 36 and 37 of the Act require amplification there is nothing in the Rules laying down the actual procedure and the forms for the easy attainment of the object. The sections of the Act require various statements to be sub-

mitted to the Government, published in the press and filed in the Court, but in absence of a definite and clear process of action the difficulty of the companies in this respect will be immense. There is therefore much scope for Rules to be made in the matter.

The procedure as regards notices of assignments, nominations by policy-holders and licensing of agents under Sections 38, 39 and 40 should be clearly defined by the Rules and there must be distinct and prescribed forms for different kinds of assignment as also for nomination like those for licensing of agents to avoid disputes between policy-holders and Insurance companies. These sections require further elucidation.

Under section 52, business on dividing principle is prohibited and as the existing business cannot be carried on after three years from the commencement of the Act the Rules should state how that business can be converted to any other approved scheme, failing that what will be the fate of the existing policy-holders whose number is not negligible.

In Rule No. 20(1)(i) the sentence "the amount secured shall not be excessive having regard to the interest of the person paying the premium on the life assured" is very vague. We have not Life Assurance Act (commonly called the Gambling Act 1774) as in the United Kingdom and therefore the matter of insurable interest should be well defined by Rules. The law of contract in India stipulates that a wagering contract would be void but its guidance to Insurance Business must be clear by Rules. The case *Dalby Vs. The India and London Life* decided in London is a clear indication how the matter became complex for the reason, amongst others, that the terms of the contract did not require any interest to be shown. The same Rule No. 2 (v) requires that the rules of the Provident Societies should set forth the method of voting at the meetings of the managing body and the number constituting a quorum, but this should be made applicable to Provident Societies only which are not registered under the Indian Companies Act and the procedure of the meetings of registered Provident Societies should

be governed by their Articles and Memorandum of Association and not by their rules.

The Section 113 (1) of the Act under the Miscellaneous Section, Part V, does not state clearly if it would be applicable to Provident Societies too in regard to guaranteed surrender value and paid up policy. The Rules should make clear, what a 'policy of life insurance', is. By a reference to Rule 20 (1) (iii) We presume the clause does not apply to provident societies.

The Rule No. 15 (2) provides for republication in the words "Not less than fourteen days prior to the date of the meeting, the notice shall be re-published in all the newspapers in which it was first published." This is a hardship on small companies. The procedure is not only cumbersome but also expensive with very little utility.

The Section 95 (1) (b) of the Act requires a Rule to be framed under it in order to make it clear whether a Co-operative Society having Debenture capital shall be deemed to be a Co-operative Society having share capital.

In the Forms VIII & IX we again notice the same anomaly which was rectified in Section 5 of the Act by the Central Legislature, viz. the items under the headings "Premiums" in the Revenue A/c. and "Funds" in the Balance Sheet have not been made according to the contingencies enumerated separately in the said Section of the Act. We are of opinion that as each class of contingency is required to have its separate account, the premium income and funds should also be required to be shown under the heads of contingencies.

These are broadly the deficiencies or the rules but there are many others. Our law is never perfect—no human law ever can be but those entrusted with the care of its administration should always be thinking how to make it really useful to those for whom it is intended. One of the means for its achievement is by the framing of complete and clear Rules to avoid any misinterpretation and misunderstanding in the operation of the Law. The present Insurance Rules have failed in that objective and we hope the Superintendent of Insurance Mr. Thomas

who is an expert in the line and the members of the Legislature and the officials of the Government will rectify the defects.

INSURANCE ACT AMENDMENT

From our Delhi Correspondent we come to learn that as the Income Tax Bill is in all probability going to occupy longer time than was anticipated, it is expected that the current session of the Indian Legislative Assembly will terminate as soon as the said Bill is passed and the other outstanding Bills will be deferred till the next Budget Session. Under the circumstances it is most likely that the anticipated Amending Bill on the Insurance Act will not be considered by the Assembly before the said Budget session in which case we doubt that the commencement of the Insurance Act of 1938 will have to be deferred till June or October, 1939. We do not know when the Act will come into force or if it will come into force at all, but it is an admitted fact that the business of Insurance is getting a set-back in India due to the great commotion created by the introduction and passing of this Act and no less to the unusual delay in giving effect to it. We earnestly request the Hon'ble Law Member and the members of the Central Assembly to do justice to this thriving Indian Industry by expediting the matter.

A NEW BILL

Mr. Govindlal Shival Motilal has introduced a Bill in the Council of State, the statement of objects and reasons of which Bill we give below. That there is need for such a Bill must be obvious to all who have attempted at accurately estimating, for instance, the foreign capital invested in India with the help of the available Government Statistical publication. In the absence of reliable information, estimates have been very wide of the mark and sometimes very much underestimated and on more occasions over estimated.

The statement of objects and reasons of the Bill runs as follows: "For measuring the economic progress of the country and ascertaining the relative position of foreign and Indian capital in this country, it is necessary that Government should be in possession of full particulars for compiling and publishing, statistics showing interest, dividend and bonus paid by Companies incorporated in British India and by Companies doing business in British India, to Indian, non-Indian British subjects domiciled in British India, domiciled in the United Kingdom and other individuals and Companies incorporated in British India, in the United Kingdom and elsewhere separately. Hence it is necessary to provide by law for the submission of such statements".

CREDIT SOCIETIES IN MYSORE

Delegates from the various Credit Societies in the Mysore State met in a conference to discuss from every angle, decisions reached at the sectional meetings.

Topics affecting limited liability on Societies were first discussed. The rule prohibiting multiple membership in credit societies was thought by many to be detrimental to the working and growth of the Co-operative movement in Mysore. Methods of election to the management of such Societies were also discussed. Some felt that Governments' strict control in this regard might be somewhat relaxed without detriment.

There was considerable discussion on the proposal that societies be allowed to borrow from joint-stock banks when such banks offered money cheaper than the rate available through more usual channels.

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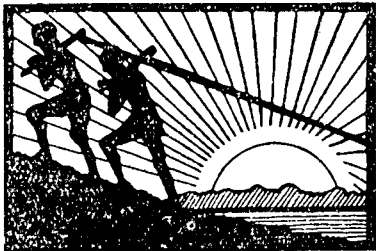
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INSURANCE HERALD JANUARY 22, 1938

Mysore State Insurance Bill

We have received a copy of the Bill to regulate and control insurance business in the Mysore State and we understand it will be taken up for consideration in the Mysore State Legislature in a few days time. This Bill which is a replica of the Indian Insurance Bill hardly calls for any detailed comment since we had very critically examined in the columns of this journal all the important provisions of the latter and had shown how some of them, because of their very drastic nature, would react unfavourably on the growth of the insurance business in our country. While admitting that the Mysore State authorities would have been justified in framing their Bill on the lines of the Bill meant for British India; since the conditions relating to insurance business in the State are not in every way different from those that obtain in British India, we cannot for certain weighty reasons, appreciate their making it an exact copy of the Indian Bill. In spite of the latter's containing a large number of salutary provisions which would go a long way in placing the insurance business on a sound and secure footing, this Bill in the opinion of a very large section of the public interested in the future of Indian insurance has paid scant consideration to the peculiar needs and problems of this

infant but growing industry. Certain measures have been introduced which when passed into law would involve interference in the internal management of the companies in spite of the fact that no clear case has been made out for such interference. To take for instance the clauses relating to Investment, Limitation of commission and Licensing of Agents which were subjected to severe criticisms, it is indeed a matter of great regret that the Mysore State authorities did not think it worth while to independently survey the criticisms made and suggestions offered in connection therewith and to judge for themselves the cogency or otherwise of the arguments advanced. It may not be unknown to them that during the course of the passage of the Bill in the Central Legislature of the British India certain influences were at work which had the effect of preventing the issues being viewed in their proper perspective and that the over-zealousness of the biggest political party in the House was greatly responsible for the introduction of the spirit of rigidity in the Bill. In the case of the Bill of the Mysore State no such factor was existent and as such we could have expected them to dispassionately examine the validity of the contentions made and to weigh the issue raised and to our mind such an approach would have been not only logical but it would have enabled them to fashion the Bill on the best possible lines.

Apart from the considerations stated above the Bill is open to grave objection for certain other reasons. The Companies carrying on insurance business in Mysore or having their principal place of business there will be required to make initial deposit and must have working capital exactly of the same amount as provided in the Indian Insurance Bill. Now, this provision will hard hit not only the insurance companies of the Mysore State but the companies of British

India as well. By virtue of this clause all such companies would have to make such heavy deposits if they are to carry on their business operations in the Mysore State notwithstanding the fact that an equivalent amount has been deposited in British India. The result of such an enactment would be that, barring a very few of the British Indian Companies, all the Insurance Companies whether of the State or of British India would be shut out from carrying their work of expansion since it would be practically impossible for them to make deposits in two places in order to enlarge their field of activities. We feel constrained to observe that the Mysore State authorities have shown little imagination in copying this clause from the British Indian Bill. It should have occurred to them that a provision of this nature would be more harmful to their own companies than to the outside ones in as much as the few companies of the State, which have been doing insurance business both in their own soil and in British India, are yet too young and, as such not in a position to comply with the requirements of both the places entailing as it does heavy outlay of money. If they are to grow in size and forge ahead they cannot confine their activities within the four walls of their own State alone but must extend their operations to larger potential areas of British India. But this would be hardly possible if this provision is passed into law since after meeting the obligations of their own state they cannot possibly have resources for meeting different obligations in order to commence activities in British India. We would, therefore, draw the attention of the legislators of the Mysore State Assembly to this aspect of the question. If they take a long view of the thing it would not be difficult for them to realise that a clause of this nature would be extremely prejudicial to

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Managing Director.

Legal Notes

UNITED NATIONAL'S PETITION SET-ASIDE

Decree In Favour Of Plaintiff To Be Upheld

Before Mr. Justice Khundkar, this was an application by the defendant company, United National Insurance Company Limited having its head office at Karachi, asking that the *ex parte* decree made in favour of the Plaintiff Sm. Rashabala Dassi, on November 26, 1937 be set aside and the company be given leave to enter appearance and defend the suit.

Mr. Sarat Bose and Mr. P. C. Ghose appeared for the petitioners (defendant company); Mr. D. N. Sinha appeared for the plaintiff (Sm. Rashabala Dassi).

The petitioner company's case was that Mahendra Nath Pyne had effected a policy for Rs. 3,000 in January, 1932 with the company stating his age to be 50 years. After his death a claim was made by his legal representative, the plaintiff. The company alleged, that in course of investigation in connection with the above claim it appeared from a statement made by Mahendra's son, who had also taken out a policy with the company in November 1931, that the age of his father had been stated to be 78. In view of the discrepancies the petitioner company rejected the claim. On the company being served with the writ of summons in connection with the suit instituted by the plaintiff it instructed its solicitors to enter appearance and take necessary steps. The company subsequently found from a report in the newspapers that the suit had been disposed of as an undefended suit. In reply to their communications the company learnt from their solicitors that they could not trace any such letter. The petitioner company submitted that it had a good defence and was prepared to put

in Rs. 3,000 with their solicitors to be held by them until further orders of this court and asked for the above reliefs.

On behalf of the solicitors it was stated that the letter in question was discovered with certain other papers appertaining to another suit of a different party. Owing to the negligence of the receiving clerk the registered parcel sent by the petitioner company had been mislaid.

It was stated on behalf of the plaintiff that the petitioner company had admitted in writing the age and date of birth of Mahendra. It was denied that the company had any defence to the suit. It was alleged that the plaintiff was being successfully kept from receiving the money by frivolous excuses.

In dismissing the application with costs his lordship said that from the circumstances disclosed in this case his lordship was not prepared to say that the defendants had sufficient cause for not being ready to go on when the suit was called on.

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the interests of insurance business in general and to their own interests in particular. It should be so enacted that if the requisite deposit is made in British India, the companies of the Mysore State would not be required to make any deposit in Mysore. In fairness to the latter, British Indian Bill should as well be revised in respect of the clause regarding deposit; the companies of the State which will make deposit there should be exempted from making further deposits to carry on business in British India. The latter Bill still remains to be considered in the Lower House in the first instance and in

a joint session of both the Houses, if necessary, and as such it is not yet too late to make such changes in the clause in question.

It has further been provided in the Mysore State Bill that all Companies carrying their business in the State will have to submit returns showing their profit and loss account, revenue account and profit and loss appropriation account in respect of all business transacted by them in the State and cause a valuation to be made every five years regarding such business exactly in the same manner as Insurance Companies other than British Indian will be required to do according to the provisions of the British Indian Bill. For this we do not hold the Mysore State authorities responsible, since in introducing this provision they have only imposed such disabilities as a measure of retaliation. There was absolutely no justification for our legislators to make these clauses applicable with regard to the State Companies too. We are clearly of opinion that necessary modifications should be effected in both the Bills in so far as the business relation between the States and British India is concerned as otherwise there would be unnecessary complications. After all, the division between British India and Indian States is more artificial than real; viewed from all angles the interests of the people of both the places are common except in the matter of governmental machinery and as such existence of any bitter relation or mutual disabilities in the domain of commerce and industry would be highly detrimental to the interests of both which should not be allowed to exist if it can be avoided. Besides, if the proposed *Federation* actually takes place there would not be much of difference between Indian States and British India in so far as at least insurance business is concerned since it will be a subject of the Central Government.